captive insurance times

The primary source of global captive insurance news and analysis

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VIVE LA RÉVOLUTION

Industry experts examine the momentum behind the surge in captives in France

Conference Preview

Business Insurance's Gavin Souter reveals what to expect in the 2025 World Captive Forum

Healthcare

Diana Bui explores how captives can improve healthcare coverage in the US

Survey

Experts recap 2024's captive insurance trends and predict 2025's opportunities

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Sentry Insurance closes US$1.7bn acquisition of The General

Sentry Insurance has completed its acquisition of The General, a provider of non-standard auto (NSA) insurance, from American Family Insurance.

The firm states that the US$1.7 billion transaction, first announced in September, represents its largest acquisition to date.

The move aims to help strengthen Sentry's position in the NSA market by combining the expertise and reputations of its Dairyland brand and The General.

Moving forward, the company will adopt The General as its primary brand for the NSA market, creating a single presence in the industry.

Pete McPartland, chairman and CEO of Sentry, comments: "By bringing together Dairyland's independent agent network and The General's direct-to-consumer expertise, we are uniquely positioned to offer greater flexibility and accessibility to drivers across the US.

“I am thrilled to welcome The General's 1,300 associates to the Sentry team and look forward to what we'll achieve together."

The General will maintain its office in Nashville, Tennessee, ensuring continuity for employees and customers during the transition. ■

Gallagher signs major deal to acquire AssuredPartners

Insurance broker Arthur J. Gallagher has signed a definitive agreement to acquire AssuredPartners with a valuation of US$13.45 billion.

The transaction is subject to customary regulatory approvals and is expected to close during the first quarter of 2025.

Gallagher expects to finance the transaction using a combination of long-term debt, short-term borrowings, free cash, and common equity. With this deal, more than 10,900 of AssuredPartners colleagues will join Gallagher's team.

The company states that the move will further expand its retail middle-market P&C and employee benefits focus across the US, as well as deepen its capabilities across multiple niche practice groups, including transportation, energy, healthcare, government contractors and public entities.

J. Patrick Gallagher Jr., chairman and CEO of Gallagher, states: "We have held in high regard the fast-growing AssuredPartners franchise since its founding in 2011. AssuredPartners' entrepreneurial spirit, broad US footprint and middle-market focus make them an ideal merger partner for Gallagher.

"By further leveraging our deep industry verticals, investments in data and analytics, access to specialty products, our common systems and standardised service model, together we can provide even more value to clients and further position Gallagher for future growth."

Randy Larsen, CEO of AssuredPartners, adds: "This marks a significant milestone in AssuredPartners' journey, showcasing the outstanding business we have built and strong growth we've experienced in just over a decade." ■

Augment Risk launches captive offering

Augment Risk has appointed Steve McElhiney as partner to lead its newly launched captive and alternative risk transfer solutions offering.

Based in Dallas, McElhiney will drive growth in under-penetrated areas, focusing on innovative strategies across North America. His role includes developing legacy solutions, repurposing micro captives, exploring roll-up initiatives with capital providers, and extending captive capabilities to MGAs.

With extensive experience in reinsurance underwriting and corporate finance, McElhiney was previously senior vice president at Artex Risk Solutions. He has served as global president of The Chartered Property Casualty Underwriter Society and on advisory boards at the University of Southern California. He has also chaired boards for the Captive Insurance Companies Association and the Vermont Captive Insurance Association.

Andrew Matson, CEO of Augment Risk, says: "We have established strong foundations over the past two years, which help us attract talent such as Steve. His well-rounded background in corporate finance and reinsurance makes him an invaluable addition to the Augment Risk team.

"His expertise in the captive market will play a key role in crafting innovative, tailored solutions that support Augment Risk's overall strategy."

McElhiney adds: "I look forward to bringing innovative strategies to life and developing the newly launched captive and alternative risk transfer offering.

"As mutual insurers face reinsurance capacity and capital constraints, our work will help broaden the scope of available solutions and facilitate access to the necessary tools for sustainable growth." ■

Global captive numbers soar to 8,000 in 2024

The total number of captives worldwide reached an estimated 8,000 in 2024, collectively writing approximately US$50 billion in premiums, according to Captives.Insure.

The firm says this milestone reflects significant growth across the captive insurance industry, driven by shifting market dynamics and evolving risk management needs.

Challenging economic conditions and a hardening traditional insurance market pushed companies to seek cost-effective alternatives, making captives an attractive option.

Captive formations continued to outpace closures for the fourth year in a row, with nearly three new formations for every closure.

The company observes that established domiciles such as Vermont, Utah, and Missouri reported strong growth, with Vermont licensing 26 new captives by May 2024, bringing its total to 690.

Meanwhile, France emerged as a key new domicile, signalling growth opportunities for the European captive market.

Cell captives dominated new formations at 38 per cent, while group and single-parent captives each accounted for 29 per cent of the market.

The average total captive premium increased to over US$1.3 billion, a slight rise from US$1.2 billion in the previous year.

Captives.Insure predicts the strong momentum seen in 2024 will continue into 2025, as companies increasingly recognise the benefits of captive solutions amidst ongoing challenges in the traditional insurance market.

Industry optimism remains high, with survey respondents rating the future of captives a 9 out of 10 for the third consecutive year. ■

Guy Carpenter: Excess capacity drives property catastrophe rate cuts

Property catastrophe renewals on 1 January were oversubscribed as reinsurer appetite exceeded demand, leading to risk-adjusted rate reductions of 5-15 per cent for non-loss-impacted programmes, according to Guy Carpenter. In the report, the firm says pricing outcomes varied widely based on region, attachment point, and reinsurers' views on price adequacy.

The surge in capacity was fueled by a 10-15 per cent increase in reinsurer appetite, while demand grew by approximately 5 per cent.

Guy Carpenter attributes the surge in reinsurance capacity to strong returns, with 2024 projecting a 17.3 per cent average return on equity, alongside a 6.9 per cent increase in dedicated capital to US$607 billion. The company observes that reinsurers maintained discipline in setting programme attachment points and pricing, while cedents improved portfolio profitability through rate adjustments, limit management, and risk selection.

In addition, the report notes that attachment points have significantly affected reinsurer results, with global catastrophe losses in 2024 nearing US$130 billion and the reinsured share of losses falling to 14 per cent from the pre-2023 average of 20 per cent.

Loss-impacted layers in markets like the US, Europe, and Canada secured adequate capacity, with risk-adjusted rate changes ranging from flat to 30 per cent increases.

Meanwhile, the 144A catastrophe bond market remained robust, placing US$17 billion in limits across 67 transactions by year-end.

Furthermore, Guy Carpenter says casualty reinsurance renewals faced varied outcomes, with proportional structures experiencing flat to slightly reduced ceding commissions, while the cyber reinsurance market continued to innovate with diverse solutions such as pro rata, event excess of loss, and aggregate stop loss. ■

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Isle of Man launches consultation on revised captive regulations

The Isle of Man Financial Services Authority (FSA) has launched a consultation on proposed updates to the Insurance Regulations 2025.

The revisions refine earlier proposals and clarify requirements for captive insurers (Class 12) and fully funded insurers (Class 13).

New measures include processes for protected cell companies (PCCs) facing capital breaches and default fees for specific insurers to streamline fee decisions.

The updates give the FSA a new remedy to address capital breaches in PCCs, allowing the authority to petition for the receivership of individual cells instead of winding up the entire PCC structure.

In addition, the proposals update qualifying criteria for captives, making them easier to use and adapt while establishing new default admission controls for fully funded insurers to help ensure that complex or long-tail businesses must obtain the authority's approval to apply for Class 13 authorisation.

The deadline for feedback is 7 February 2025. ■

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Aviva to acquire Direct Line in £3.7 billion deal

Aviva has reached an agreement to acquire Direct Line Insurance Group in a £3.7 billion (US$4.63 billion) cash-and-stock deal.

The company says the move will bring together a number of the UK's brands in a more efficient business, which is well positioned to generate strong returns for all shareholders.

In 2020, Aviva outlined strategic priorities to simplify its operations and focus on insurance, wealth, and retirement as core business areas.

Since then, the company has concentrated its portfolio on key markets in the UK, Ireland, and Canada. As part of this approach, Aviva has completed eight international disposals and expanded its core operations through targeted acquisitions.

Dame Amanda Blanc, group CEO of Aviva, comments: "Aviva and Direct Line share a deep commitment to excellence in looking after customers, and this will remain a top priority following the acquisition.

"The financial strength and scale of the combined group means customers will benefit from competitive pricing, an enhanced claims experience and even better service."

Adam Winslow, CEO of Direct Line, adds: "In a highly competitive UK general insurance marketplace, the combined entity will be very well placed to deliver for its customers.

"I am proud of what Direct Line has achieved to date, and this offer will enable the business to continue to succeed as part of a combined group with Aviva." ■

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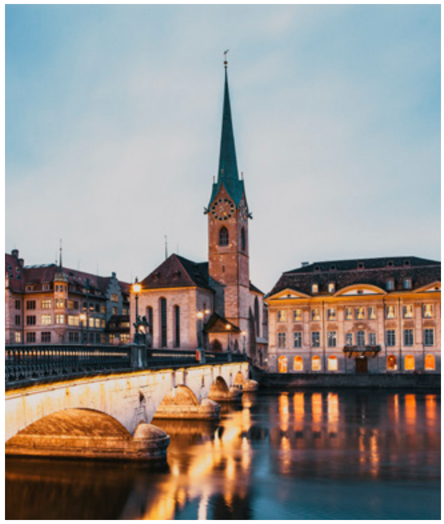

RiverStone closes loss portfolio transfer deal with Zurich

RiverStone International has signed an agreement with the French branch of Zurich to provide a loss portfolio transfer reinsurance (LPT) and an insurance business transfer.

The deal covers Zurich's French discontinued motor and architects & engineers (A&E) professional indemnity portfolios.

These transactions aim to reinforce RiverStone International's European footprint, with its Ireland office assuming full responsibility for the portfolios and its Bermuda branch providing the LPT.

David Rocke, group head of M&A and managing director of RiverStone International Bermuda, says: "It was a delight to work with the Zurich team again in deepening the connection between our respective organisations."

Brian Myles, CEO of RiverStone International Ireland, adds: "We are delighted to have worked with Zurich on these transactions and look forward to fully integrating the portfolios during 2025, whilst continuing to provide the highest level of service to Zurich's insureds." ■

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NFP bolsters EB offerings with Salus Group acquisition

Aon-owned insurance broker and consulting firm NFP has acquired Salus Group, an independent employee benefits (EB) consulting, brokerage and administration firm based in Michigan. Michael Brillati, CEO of Salus Group, will join NFP as senior vice president and report to Michael Schneider, president of NFP's Central and West regions.

The firm says Brillati will partner with NFP's Michigan market leaders, Dan Cornwell and Cam Kennedy, to drive growth and elevate one of NFP's largest Central region market segments. Founded in 2005, Salus Group has focused on serving middle-market employers, with a client base focused on Florida, Georgia, and Alabama.

Commenting on the move, Schneider highlights: "I am thrilled to welcome Salus Group to NFP and continue our investment in Michigan, which is a high-growth market and significant opportunity for NFP.

"Their expertise and unique service portfolio, and the diverse mix of businesses they serve, will strengthen NFP's already robust benefits offerings in the state and help us deliver additional value to employers."

Brillati adds: "I am proud of our growth and success and the impact we have on our clients, and as part of NFP, we will do even more with access to their diverse capabilities and solutions.

"We have been in business for nearly two decades and this next chapter will see us bring additional value and insight to businesses across the country." ■

DARAG completes sale of regional business entities

DARAG Group has completed the sale of its North American and Bermuda business entities to the RiverStone Group.

According to the companies, both parties are committed to ensuring there is no disruption to the business entities and their healthy transaction pipeline as they transition over to the RiverStone Group.

Tom Booth, CEO of DARAG, comments: "We are pleased to complete this transaction, which simplifies DARAG's operations. It allows the Group to focus on its core European business, and brings additional capital to execute a strong pipeline of European transactions, several of which are in advanced stages of negotiation.

"We will now be bringing firepower to our European core where our strong, well capitalised niche position and good market conditions provide an excellent outlook." ■

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Pinnacle partners with Clyde Analytics in predictive analytics

Pinnacle Actuarial Resources has teamed up with Clyde Analytics in predictive analytics and scoring engine solutions for P&C insurance.

The firms say the solution, developed by Clyde, enables the efficient and effective development, management, and deployment of predictive models.

Pinnacle will work with Clyde to assist clients in effectively applying the software to pricing and other analytics problems.

Roosevelt C. Mosley, managing principal at Pinnacle, states: "Our partnership with Clyde aims at expanding Pinnacle's deep predictive modeling work on behalf of our clients.

"Pinnacle is committed to creating customer value by advancing customer sophistication and finding new areas to apply analytics. Pinnacle and Clyde will help clients streamline the implementation of predictive models by leveraging Clyde's scoring engine API solution."

Marlowe Leibensperger, managing director at Clyde Analytics, adds: "With the Pinnacle partnership, we immediately boost the services capacity available to support customer engagements and contribute to furthering Clyde's product development initiatives. We look forward to continuing to deliver on our promises of being a nimble and innovative partner for the property casualty insurance industry." ■

Oklahoma to reduce workers' compensation loss costs for 2025

The Oklahoma Insurance Department has approved a 9.2 percent decrease in workers' compensation insurance loss costs for 2025, which means lower premiums for many Oklahoma businesses.

The reduction was recommended by the National Council on Compensation Insurance, which collects annual data on workers' compensation claims for the insurance industry.

Loss costs are the average cost of lost wages and medical payments of workers injured per US$100 of payroll or as a percentage of payroll. Since 2011, there has been a 71 percent decrease in loss costs.

Oklahoma insurance commissioner Glen Mulready says: "I am pleased to see our costs decreasing while supporting local businesses.

“Access to affordable workers' compensation insurance will make it easier for employers to view Oklahoma as an ideal location to operate their business." ■

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WTW: Insurers turn to facultative reinsurance amid market volatility

Facultative reinsurance is evolving from a transactional tool to a strategic resource for achieving objectives, filling treaty gaps, and managing risk in a volatile market, according to WTW's latest report.

Almost 86 per cent of respondents in the report agreed or strongly agreed that facultative reinsurance is central to their strategies for managing risk, capacity, capital, and appetite, suggesting cedents view it as an important enabler of success.

Meanwhile, 68 per cent of insurers plan to increase their use of facultative reinsurance in the next two years, but supply constraints remain a critical challenge.

Over half of respondents cited limited capacity as a barrier, raising concerns about the ability and willingness of reinsurance markets to meet rising demand.

The report is based on a survey of more than 300 senior decision-makers from leading P&C insurers from Europe, North America, Asia Pacific and Latin America.

Specialised risks like cyber, environmental liability, and professional indemnity are driving demand for facultative reinsurance, with cyber both a top opportunity and a major concern.

North American insurers are expanding lines and exploring new products in sectors like cyber and energy, leveraging facultative reinsurance to maintain competitiveness and financial stability.

Similar trends are emerging worldwide, with Asia Pacific addressing capacity constraints and Europe and Latin America managing regulatory and natural catastrophe pressures.

Garret Gaughan, head of direct and facultative at WTW, comments: "We are seeing facultative reinsurance increasingly used by carriers to enable expansion into new riskier product areas, for example." ■

Alliant acquires Union First, expanding benefits solutions

Alliant Insurance Services has acquired Union First, a specialised benefits consulting and third-party administration firm serving public safety labour associations — including police, firefighters, and deputy sheriffs.

Union First will join Alliant's Employee Benefits Group in the West Region, bringing experiences in benefits consulting, trust administration, and tailored solutions for first responders and public safety professionals.

Greg Zimmer, CEO of Alliant, says: "[Union First's] focus on client-first service and understanding of the public safety culture aligns perfectly with Alliant's mission to deliver tailored benefits solutions to those who serve and protect our communities."

Tim Regan, president and CEO of Union First, adds: "Alliant's extensive resources and expertise will allow us to enhance and expand our services while staying true to our mission of putting the union and its members first.

"We are excited to join forces with Alliant, knowing that our shared values of service and excellence will only strengthen our ability to support the dedicated men and women of public safety." ■

Guernsey adopts OECD's global minimum tax rate for 2025

Guernsey has enacted legislation to implement the Organisation for Economic Cooperation and Development's (OECD) global minimum tax rate of 15 per cent, known as Pillar 2, starting from 1 January 2025.

Pillar 2 aims to ensure that multinational enterprises (MNEs) with annual revenues exceeding €750 million pay a minimum effective tax rate of 15 per cent on their global profits. This minimum rate is achieved through the OECD's Global Anti-Base Erosion (GloBE) rules, which allocate taxing rights among relevant jurisdictions in an MNE group.

While jurisdictions can choose whether to adopt Pillar 2 measures, Guernsey has implemented two key features: the multinational top-up tax (MTT) and the qualified domestic minimum top-up tax (QDMTT).

The MTT applies to Guernsey resident entities that are the ultimate parent entity (UPE) or intermediate parent entity (IPE) of an MNE group.

This tax is triggered when a constituent entity in another jurisdiction has an effective tax rate below 15 per cent, with Guernsey collecting the top-up tax required to meet this threshold.

The QDMTT, or domestic top-up tax (DTT), applies to constituent entities of in-scope MNEs that are tax residents in Guernsey or have a permanent establishment there. Both MTT and DTT also apply to certain joint ventures involving entities based in Guernsey, with anti-tax avoidance measures in place. ■

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MetLife and General Atlantic to launch life and annuity reinsurer Chariot Re

MetLife and General Atlantic have revealed the formation of Chariot Re, which will be launched in the first half of 2025 as a Class E Bermuda-based life and annuity reinsurance company.

According to the firms, Chariot Re will have an initial combined equity investment of over US$1 billion of which they will initially own approximately 15 per cent. The remaining equity interests will reportedly be held by third-party stakeholders, including Chubb, which is expected to be an anchor third-party investor.

MetLife anticipates initially reinsuring to Chariot Re an approximate US$10 billion block of liabilities composed of structured settlement annuity contracts and group annuity contracts associated with pension risk transfers.

Cynthia Smith, a 30-year MetLife veteran, is set to become CEO of Chariot Re, with Toby Srihiran Brown, global head of reinsurance at MetLife, and Graves Tompkins, chief operating officer of General Atlantic, joining the board of directors as representatives of their firms.

Michel Khalaf, president and CEO of MetLife, says: “We are looking forward to seeing our collective vision to create a provider of innovative reinsurance solutions come to life, leveraging the insurance and joint investment expertise of MetLife and General Atlantic.

“With the demand for life and retirement solutions anticipated to grow around the globe, MetLife views a strategic partnership with Chariot Re as a powerful avenue to further serve those expanding needs.” ■

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BMS Group to acquire Spanish broker Rasher and its subsidiaries

BMS Group has entered into an agreement to acquire Spanish insurance broker Rasher and its Latin American subsidiaries in Colombia and Peru. Rasher provides surety, credit, and risk management solutions to corporate clients, with a team of 90 staff members.

The company says joining BMS group will allow Rasher to accelerate its expansion and recruiting efforts and continue delivering the successful growth strategy set in place by the leadership team.

Gabriel Raya, CEO of Rasher, will serve as chief growth officer of BMS in Iberia and join the board of BMS Iberia. He will be responsible for the management and expansion of Rasher's subsidiaries in Latin America

Nick Cook, group CEO of BMS, says: “The strategic fit with BMS specialisms, growth culture and ambition to deliver exceptional client solutions makes this a superb partnership and I expect this business to achieve huge success with BMS support in the coming years.” ■

Missouri reduces workers’ compensation rates for 2025

Workers’ compensation loss cost rates in Missouri will decrease by an average of 5.3 per cent starting 1 January 2025, marking the fourth consecutive year of reductions.

The Missouri Department of Commerce and Insurance (DCI) attributes the decrease to declining average indemnity and medical costs per lost-time claim, based on data from the National Council on Compensation Insurance (NCCI).

Chlora Lindley-Myers, DCI director, comments: “Missouri businesses will be pleased to hear that on average, workers’ compensation rates should decrease for the fourth year in a row. It is a testament to Missouri’s employers for continuing to make safety improvements in the workplace to protect their teams.

“A robust market with over 300 insurers actively competing for business in the workers’ compensation market gives businesses plenty of choices. I encourage Missouri’s employers to take advantage of this and shop around for the best rates.”

Established in Missouri in 1925, workers' compensation offers no-fault benefits to injured employees and protects employers from civil lawsuits. Businesses can meet their workers’ compensation requirements by purchasing insurance or becoming state-certified self-insurers. ■

UK pension fund uses captive for £450m longevity risk deal

The Merchant Navy Ratings Pension Fund (MNRPF) has completed a £450 million longevity risk transfer using a Guernsey-based captive.

MNRPF's trustee owns the captive, which is managed by WTW Guernsey to facilitate the deal with Metropolitan Life Insurance Company (MetLife).

The arrangement secures benefits for MNRPF members while mitigating the fund's exposure to longevity risks. Structured as an insurance contract, the deal integrates the captive into MNRPF's investment portfolio, with MetLife acting as the reinsurer.

Melanie Cusack, trustee for MNRPF, says: "I am delighted that the trustee has taken an important step to ensure that our members' benefits are strongly secured against increases in life expectancy.

"This is a continuation of our de-risking journey, and we are pleased to have completed the deal with attractive economics. This is a positive step in providing both additional security for members' pensions and certainty for employers."

Jay Wang, head of Risk Solutions at MetLife, states: "MetLife's long history and expertise in risk management positions us well to offer greater certainty for MNRPF in relation to its longevity risk.

"We are pleased to have been selected for the reinsurance of this transaction. This transaction demonstrates MetLife's commitment to supporting solutions which help pension schemes and insurers manage longevity risk."

Shelly Beard, managing director at WTW, adds: "This transaction demonstrates that longevity swaps are an option for smaller tranches of liabilities. We worked with the trustee to achieve a competitive reinsurer selection process and attractive economics relative to the fund's reserves." ■

Tennessee reports growth in 2024

Tennessee now hosts 176 captives and 591 cells, including 52 captives licensed in 2024, according to the Tennessee Department of Commerce and Insurance.

These figures place Tennessee as the 8th largest captive insurance domicile in the US and 13th globally.

The department notes that the growth is attributed to favourable legislation and targeted efforts to support captive insurance managers.

Risk-bearing entities in the state have grown by 14 per cent year-to-date, reaching a total of 767. This includes a six per cent increase in pure or single-parent captives and an eight percent rise in protected cells.

According to the department, the private sector has contributed to this expansion, with more companies choosing Tennessee to establish or relocate their captives. Furthermore, the Tennessee Captive Insurance Association has been instrumental in advancing the industry's development.

A network of local service providers has also played a role in attracting more captive owners to the state. ■

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Ratings Roundup

AM Best affirms 'Excellent' credit ratings of Enel captive

AM Best has affirmed the financial strength rating of 'A-' (Excellent) and the long-term issuer credit rating of 'a-' (Excellent) of Enel Re, a captive of Italy-based multinational electric utility company Enel.

They rate the outlook of these ratings as 'stable'.

The ratings reflect Enel Re'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.

AM Best expects Enel Re's risk-adjusted capitalisation to be maintained at the strongest level.

The captive benefits from good liquidity and low reinsurance dependence.Solid investment income is expected to contribute positively to overall profitability.

However, an offsetting rating factor is Enel Re's potential exposure to large losses given its high net retention per risk, which has the potential to introduce volatility in capitalisation levels, according to AM Best.

The captive is well-integrated within the Enel group and plays a fundamental role in managing the group's risk exposures. In January 2024, Enel Insurance, the company's former Netherlands-based captive, transferred its assets and liabilities to Enel Re, the group's newly established Italian entity, through a cross-border merger.

The move aimed to redomicile Enel's captive insurance operations to Italy, aligning them with the group's headquarters. ■

AM Best assigns 'Excellent' ratings to National Grid's captive

AM Best has assigned a financial strength rating of 'A-' (Excellent) and a long-term issuer credit rating of 'a-' (Excellent) to National Grid's captive, National Grid Insurance USA (NGIUSA).

The outlook assigned to these ratings is 'stable'.

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

The ratings also consider rating enhancement from NGIUSA's affiliate, National Grid Insurance Company Isle of Man, which is the largest captive of the group and provides reinsurance support to NGIUSA.

However, AM Best notes that risk-adjusted capitalisation is materially lower on a catastrophe stressed basis due to the large net line sizes offered by NGIUSA relative to its capital, which exposes its risk-adjusted capitalisation to potential volatility.

The assessment also factors in the company's high reinsurance dependence, which is partially mitigated by the strong credit quality of the reinsurance panel.

In addition, the agency observes that the captive's overall earnings have been driven by excellent underwriting performance, evidenced by a five-year weighted average combined ratio of 21.3 per cent from 2019-2023.

AM Best expects NGIUSA to accumulate underwriting profits over the longer term, albeit subject to potential volatility given the large net policy limits offered relative to its premium base. ■

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AM Best downgrades outlook of Lincoln Benefit to ‘negative’

AM Best has downgraded the long-term issuer credit rating of Lincoln Benefit Life Company to ‘bbb’ (Good) from ‘bbb+’ (Good) and its outlook to ‘negative’ from ‘stable’. The agency affirms the company’s financial strength rating of ‘B+’ (good).

The downgrade reflects the continued capital support required for Lincoln Benefit’s captive reinsurer, Lancaster Re Captive Insurance Company, and the expected impact on its capital flexibility.

The company's capital trends have weakened due to underperformance in its runoff Universal Life with Secondary Guarantees (ULSG) business, though profitability is expected to improve as the ULSG business nears its peak reserve in the coming years.

The ratings of Lincoln Benefit also reflect its balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, limited business profile, and appropriate enterprise risk management. ■

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AM Best affirms credit ratings of Orion Reinsurance

AM Best affirms the financial strength rating of ‘B+’ (Good) and the long-term issuer credit rating of ‘bbb-’ (Good) of Orion Reinsurance, class 3 captive insurer based in Bermuda. The outlook of these ratings is ‘stable’.

The ratings reflect Orion Re’s balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

The ratings also reflect the company’s very strong risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), and the expertise of its management team.

Partially offsetting these positive rating factors is the size of the company, which limits business diversification given the inherent concentration risk, and the sensitivity of the BCAR to changes in its balance sheet structure and to the composition of the business portfolio.

Orion Re’s main line of business is difference in conditions insurance, but the company also retains specific life and non-life insurance business. The rating agency assesses that Orion Re achieved premium sufficiency in 2023 and has consistently produced profitable bottom-line results.

Results are expected to improve as the business expansion plan takes place, supported by income from the rent-a-captive business, which has presented a consistent flow over the past years.

Furthermore, AM Best predicts that positive rating actions could take place with consistent strengthening of the company's balance sheet, supported by a successful development of the business strategy. On the other hand, negative rating actions could occur if premium growth, changes in the asset structure and/or underwriting risk profile or deteriorating operating results reduce risk-adjusted capitalisation to a level that no longer supports the ratings. ■

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DELAWARE
BUREAU OF CAPTIVE AND FINANCIAL INSURANCE PRODUCTS

Vive la révolution

France has made a dramatic move into the captive insurance scene, reshaping the European market as industry experts examine the momentum behind its surge in new captives

Diana Bui reports

A quiet revolution in Europe's captive insurance industry is gaining momentum — and it is happening in France. Following the passing of new captive legislation in 2023, France is ramping up its standing as one of the major captive domiciles on the continent.

In its latest report, AM Best highlights that France is leading the way for new captive formations in Europe in 2023 and 2024.

France has long hosted captive insurance companies, but the introduction of a 'resilience' provision that allows captives to pool surplus to pay out on future claims makes it far more attractive as a location to domicile a captive.

This growing interest in French captives is happening against a backdrop of insurance market challenges across Europe. Rising premiums, stricter terms, and a hard reinsurance cycle are pushing corporations to explore alternative strategies.

Captives, once considered niche tools reserved for the largest companies, are now being recognised as practical solutions for a broader range of businesses. More companies are asking whether captives can help them stabilise coverage, better manage emerging risks, and gain control over their global insurance spend.

France's decision to align itself more closely with proven models, such as Luxembourg's approach to equalisation reserves, has already begun to reshape the landscape. Marine Charbonnier, head of captives and facultative underwriting, APAC and Europe at AXA XL, has witnessed this shift firsthand.

"The captive boom in France was triggered by legislative changes that took effect on 1 January 2023, which have made the country a more attractive option for French companies looking to set up a captive or redomicile from abroad," she says.

"We have been involved in many of the new captives established in France since and even before these changes, and now we are working with more than half of the captive space in France. We are supporting over 60 per cent of the new captives created in France since 2021."

Laurent Bonnet, head of captive and alternative risk transfer solutions at Marsh France, echoes this perspective. "Currently, there are about 20 active captives in France, and there have been a lot of activities in recent years. Many new captives have been formed."

In light of growing interest, the French insurance regulator, the Autorité de Contrôle Prudentiel et de Résolution (ACPR), has moved to provide further information on the agreed application process and requirements, expected timelines, and best practices for obtaining approval.

"They have basically put everything into one practical, easy-to-follow guide," Bonnet says. "It is not new rules, but a clear reminder of what the ACPR wants to see. That transparency helps everyone in the industry."

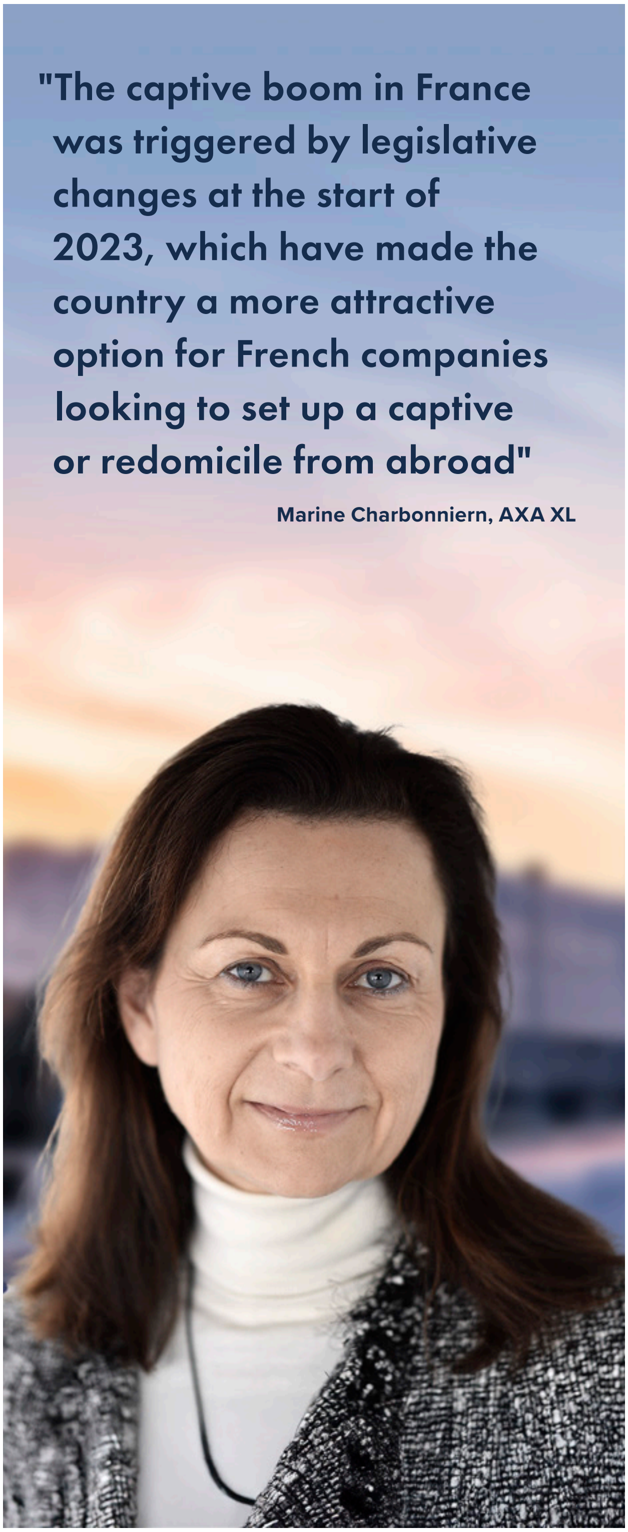
This openness has already begun to encourage new market entrants. "This enhanced and more detailed guidance is likely to boost interest and activity in the French market because it offers clearer instructions and a well-defined framework for establishing and operating captives," Charbonnier explains. "It has been designed to assist those who wish to set up their own structure, as well as to encourage those who have always dreamed of a captive but have never dared to do so."

Though France still trails behind Luxembourg in sheer numbers, its growing appeal is clear. The recent licensing of Petzl Re, a reinsurance captive for equipment manufacturer Petzl, underscores this momentum. In October 2024, French aerospace and defense giant Safran also secured approval to redomesticate its Luxembourg captive and begin underwriting non-life risks at home.

Captive structures in France

A notable feature of the French captive industry is the preference for operating as reinsurance vehicles rather than direct insurers, as Bonnet explains: "In France, the most common captive structures closely align with those seen in other European domiciles, with few notable differences. Clients tend to favour this approach because it offers flexibility and can be better tailored to their business needs. Rather than fully operating as insurance companies themselves, these captives rely on international insurance carriers to handle complex matters such as compliance, claims management, and premium administration. This allows captives to focus on their role as reinsurers."

While direct insurance captives do exist in France, they represent a small minority. According to Bonnet, the vast majority — around 99 per cent — operate as reinsurance captives. Contrary to what some might expect, this more favourable environment has not triggered an influx of small



firms. Instead, the profile of companies setting up captives in France still closely resembles that of other domiciles. "We are typically talking about mid-to-large groups," says Bonnet, noting that companies with an annual turnover of €1 billion to €10 billion are common candidates."

Adding to that point, Fabien Graeff, head of Risk and Analytics for France at WTW, explains: "In France the only possible structure for captives is a wholly owned single parent or pure captive as other captive structures, like cells or group captives, are not considered as captives by the ACPR."

Graeff notes that the modified French captive regulation applies only to the reinsurance captive structure. This implies that the vehicle must adhere to the captive definition and function solely through reinsurance, excluding direct-writing captives. Otherwise, the general insurance rules should be applied.

Interestingly, no single sector dominates France's captive scene, Bonnet says. Instead, ownership structure and a company's cultural roots often matter more than industry type. Some captives are formed by organisations with partial state ownership, such as La Poste and Orange. "For these organisations, the ability to establish a captive domestically made decision-making easier and aligned with their strategic priorities, especially when they wanted to avoid setting up captives abroad," he adds.

Family-owned businesses with deep French roots also find the domestic approach appealing. Bonnet notes that for these companies, "the idea of setting up a captive outside of France was less appealing, reflecting a sense of national pride or French patriotism". He points out that while no specific sector leads this trend, "the common thread lies in shareholder structure and a preference for keeping operations within the country".

On the other side, Charbonnier notes that the traditional perception of captives being exclusively for large French corporations is shifting. "It used to be just the largest players, but we are seeing increasing interest from companies of all sizes. The revival in France is opening doors to a broader segment of the market."

Graeff echoes this observation, highlighting that the profile of companies exploring captives has broadened to include smaller firms. "Previously, only large companies were interested in captives. In recent years, mid-size companies have also started structuring captives in France. Typically, businesses with up to €500 million in revenue or €1 million in premiums can now consider the concept," he adds.

From traditional to emerging risks

As for the types of risks covered, French captives have traditionally focused on large liability and property exposures. These are high-exposure areas that can be difficult to secure in the commercial market, especially on favourable terms. According to Graeff, this is because property tends to carry the highest premiums and, therefore, offers the greatest potential for cost savings.

“Property is usually the most expensive line with the highest premium and so the highest arbitrage opportunity to be made,” he explains. “Indeed, to have a good return on capital and to cover the cost of captive management, a minimum premium level needs to be captured.”

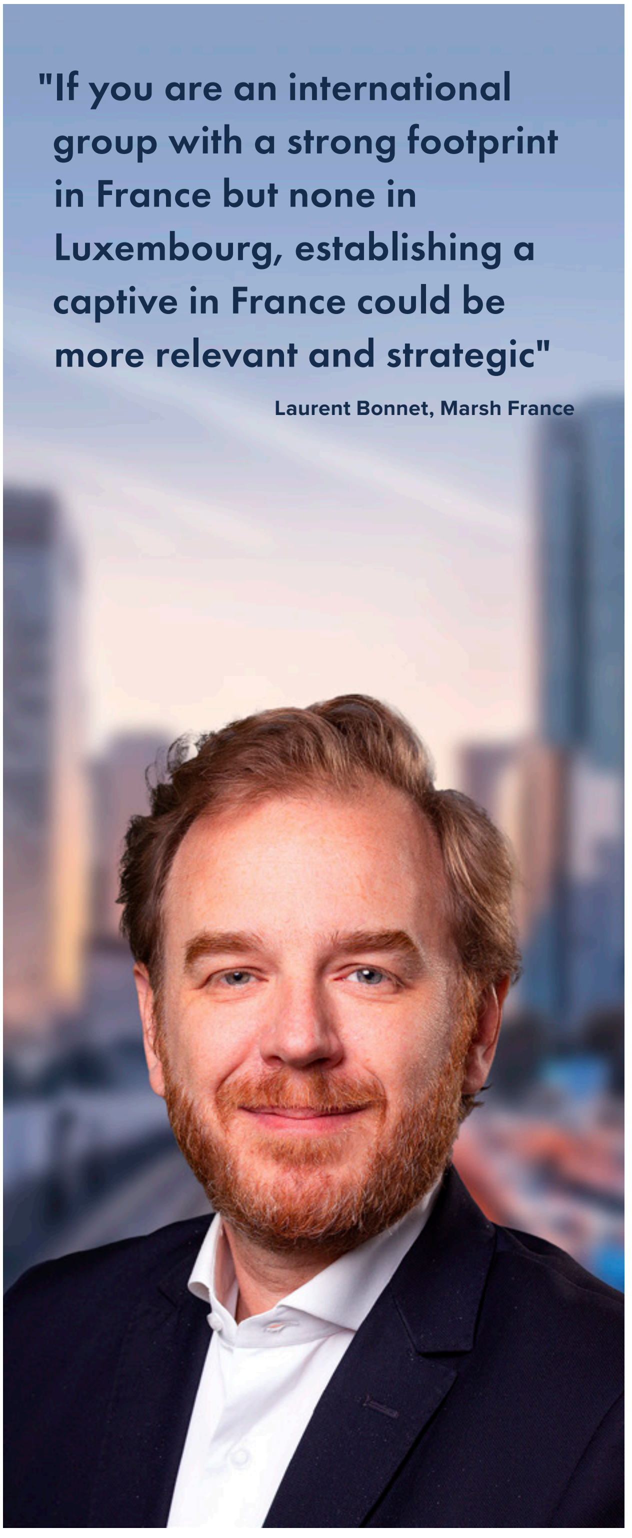
However, the scope is expanding. Cyber risk, for instance, has emerged as a fast-growing line for captives. With cyber threats intensifying and commercial cyber coverage often pricey or limited, captives can help companies take more control over their cybersecurity strategies. Bonnet stresses: “Captives are increasingly used for cyber, particularly as capacity constraints and rising deductibles in the commercial market push companies to seek more flexibility.”

Charbonnier agrees with that point, emphasising how captives are adapting to address emerging risks. “Captives were typically used by clients to underwrite high-frequency, low-severity risks, but more recently many have been using their captives to underwrite less traditional lines of coverage such as cyber which are volatile,” she says.

In the aftermath of Covid-19, non-damage business interruption cover has also started appearing in captives. Companies want ways to build financial resilience against unforeseen disruptions that do not necessarily result from physical damage. Placing such coverage in a captive allows firms to gradually build reserves and better withstand unpredictable setbacks.

“This development reflects efforts to create financial mechanisms that allow companies to build reserves and better withstand unforeseen adverse events,” Bonnet says.

According to Charbonnier, captives possess a unique advantage in offering customised solutions for risks that traditional markets struggle to manage. “We have worked with a number of clients to place new and emerging risks into their captives, including political violence, environmental impairment liability, employee



benefits, and even niche risks like construction, product recall, and non-damage business interruption coverage extensions," she explains.

As sustainability and ESG considerations become increasingly important, captives are also playing a role in supporting corporate responsibility initiatives. Charbonnier highlights how captives can be leveraged to align with a company's broader ESG strategy.

"When ESG is truly embedded in a company's operations, there is often a strong correlation with their loss ratio," she notes. "Captives can act as a key point to identify ESG challenges and help a company's strategy for addressing them."

Additionally, there is growing interest in innovative solutions such as parametric insurance. These policies, which trigger payouts based on predefined events rather than traditional claims processes, are particularly suited for risks like natural disasters. "We are seeing more interest in parametric solutions," Charbonnier says. "They are especially appealing for risks where quick, transparent payouts matter."

Regulatory considerations

Captives in France operate under a regulatory framework that has become increasingly competitive, particularly in comparison to Luxembourg, one of Europe's leading captive domiciles. The introduction of a new captive regulation in France has brought its framework closer to that of Luxembourg, especially with the inclusion of an attractive equalisation reserve.

"France now has a regulation that is much closer to Luxembourg's, which has traditionally been our main competitor for captives in this region. We have essentially filled the gap," says Bonnet.

The equalisation reserve stands out as a key feature of France's tax framework for captives. It allows captives to allocate up to 90 per cent of their profits into a tax-free provision, which can be drawn upon during difficult periods. This mechanism enhances financial stability and makes the French regime an attractive option for companies looking to establish a resilient captive structure.

Bonnet highlights: "For any group considering a captive solution, it's definitely worth looking at what France can offer rather than automatically choosing Luxembourg, which has been the go-to jurisdiction."

In addition, France's regulatory approach aligns closely with Solvency II, ensuring consistency across the EU. While the ACPR adheres to the same EU standards as other domiciles, it places a particular emphasis on understanding how captives model and manage their risks.

This has led to slightly more conservative expectations during the approval process, though operational requirements align with those in other jurisdictions. Bonnet explains that the French regulator frequently shows a strong interest in comprehending the underlying risks of a captive, particularly in the modeling of these risks.

"As seen in the past, regulators may expect captive owners to conduct thorough risk analyses to ensure a clear understanding of exposures and confirm proper application of Solvency II requirements."

Despite these regulatory advancements, France remains behind Luxembourg in terms of activity and ecosystem development.

Many French captives still rely on management structures based in Luxembourg for key services, including actuarial support and regulatory compliance.

Bonnet acknowledges this reliance but notes the ongoing efforts to localise these functions. "In the future, we may see the development of more dedicated resources in France to further strengthen this growing market," he says.

For companies considering a captive solution, the choice between France and Luxembourg often depends on their operational footprint and strategic priorities.

Bonnet highlights the importance of substance when choosing a domicile: "If you are an international group with a strong footprint in France but none in Luxembourg, establishing a captive in France could be more relevant and strategic."

While France's regulation has closed many of the gaps with Luxembourg, some foreign companies may still hesitate to choose France due to unique challenges, such as linguistic requirements.

An old French law mandates dating back to the 16th century that all official documentation submitted to authorities must be in French, adding a layer of complexity for non-French groups. "While this may not be a major barrier, it is a small, unique consideration," Bonnet notes.

Charting new frontiers

What does the future hold for French captives? Bonnet says that the priority seems to be consolidating the current situation while supporting growth. "A key question for the coming years will be how to support smaller entities in establishing resilient tools — whether captives or solutions like protected cell companies seen in other countries. The challenge lies in making these tools more feasible and attractive for smaller companies." As the market continues to grow, he anticipates the emergence of more local captive managers in France. However, he also notes that many French captives already internalise much of their operations, setting them apart from captives in other jurisdictions that rely more heavily on external support.

While France's captive market is still primarily domestically focused, Bonnet sees potential for attracting foreign companies in the future. "We are certainly open to welcoming foreign companies to establish captives in France," he says. "However, the market needs to grow further and stabilise, with secure and predictable tax and insurance regulations. If these conditions are met, I believe France could become a very competitive and attractive domicile compared to other markets."

Beyond expanding accessibility, the evolving risk landscape continues to amplify the strategic importance of captives. Charbonnier anticipates a bigger role for captives in the long run: "Ongoing challenges facing the (re)insurance market, including heightened natural catastrophes, ransomware attacks, and social inflation, are not going away anytime soon. At the same time, the changing risk landscape and increasing relevance of emerging and developing risks for clients will also support a bigger role for captives longer term."

France's progress has not gone unnoticed elsewhere in Europe. Spain and Italy, for example, are reportedly exploring similar moves to create domestic captive-friendly environments. While the traditional captive hubs — Luxembourg, Ireland, Malta — remain popular, the French example shows that a large industrial economy can reinvent itself as a credible captive jurisdiction in a relatively short time.

Though France has a long way to go to rival Luxembourg's scale and expertise, it is already changing the conversation. With a stable regulatory framework, expanding local resources, and a growing reputation for innovation, France is proving its ability to compete and shows no signs of slowing down in the upcoming years. ■

Navigating the high tide

In the second instalment of a two-part feature on captive health insurance in the US, Diana Bui explores how this model can improve healthcare coverage by managing high-cost claims, increasing policy flexibility, and promoting health equity within organisations

Saving the budget

Employers are increasingly challenged by the financial impact of high-cost medical claims, particularly those associated with specialty medications and advanced therapies. Drugs such as GLP-1 receptor agonists, used for diabetes management and weight loss, alongside emerging cell and gene therapies (CGTs), present significant cost considerations.

Jeb Dunkelberger, CEO of ClearPoint Health, acknowledges the dual nature of GLP-1 medications: "The surge in high-cost claimants and GLP-1 prescriptions — now at around two million — adds to employers' rising healthcare costs. However, by addressing obesity-related issues like type 2 diabetes, these drugs have the potential to reduce the frequency and severity of costly complications."

In response, many employers are turning to captives, especially group captives, as a strategic solution to manage these expenses. In the latest model, multiple companies collaborate to form their own insurance entity, sharing risks and resources. By participating in group captives, employers can customise premiums to match their specific risk profiles, providing the flexibility to adapt to market trends, such as the increasing use of weight-loss medications and the anticipated growth in CGTs.

Dunkelberger notes: "In a captive, premiums are tailored to employer members' individual risk profiles, providing flexibility to adapt to market shifts like the surge in weight loss drugs or advancements in CGTs — a trend expected to shape the market, with an estimated 50 to 75 CGTs projected for regulatory approval by 2030."

The collaborative nature of group captives allows employers to collectively manage these financial risks. Dunkelberger goes on to explain that the random distribution of this risk makes it perfect for individual employers who collaborate to share the risk.

Meanwhile, Phillip C. Giles, chief growth officer in Accident & Health at Skyward Specialty, emphasises the importance of effective management of specialty pharmaceuticals within self-funded plans.

He states: "The expanded use of high-cost specialty pharmaceuticals and the continuous approval of new CGTs have been among the top claim drivers for self-funded plans. Controlling the use and administration of specialty pharmaceuticals and just about anything infusion-related, particularly in a clinical setting, will always be at the top of the priority list."

"In a captive, premiums are tailored to employer members' individual risk profiles, providing flexibility to adapt to market shifts"

Jeb Dunkelberger, ClearPoint Health

"Employers participating in an employee benefits captive have an entrepreneurial spirit; at the heart of every successful member is 'let's find a way!'"

Geoff Christian, AssuredPartners

Giles highlights the cost disparity in GLP-1 medications, noting that while these drugs can exceed US$1,500 per month in the US, international sources may offer them at approximately US$150 per month. He suggests that self-funded employers, especially those in progressive group captives, have greater flexibility in defining benefit coverage and exploring cost-saving alternatives, such as sourcing medications internationally or opting for biosimilars.

Regarding CGTs, Giles points out that self-funded employers often manage exposure to these high-cost treatments by setting coverage limitations or exclusions within their plans. He notes that while some stop-loss carriers and reinsurers provide CGT coverage or carve-out options, availability remains limited. Group captives, depending on their size, might consider securing reinsurance independently to address these risks.

Geoff Christian, employee benefits captive leader at AssuredPartners, underscores the importance of control and flexibility for captive members. He states: "Employers participating in an employee benefits captive have an entrepreneurial spirit; at the heart of every successful member is 'let's find a way!'

“Employers understand that using programmes that help work with the member's physicians to guide them through step therapy and ultimately getting them to the most effective drug at the right price is key to their success."

Adding to this point, Kathryn Simmons, vice president of operations at AssuredPartners, cites the Keenan Pharmacy Coalition programme at AssuredPartners as an example of such an initiative. It is a prescription drug purchasing pool that offers self-funded groups access to discounted pricing by leveraging collective purchasing power. Simmons says: “Our employers are seeing results in their claims spent with top-notch rebate reimbursement on all brand drugs. This pharmacy coalition is a true partnership that finds a way to take care of their members.”

Addressing diverse needs

Unlike traditional insurance plans that offer limited customisation, captives enable employers to design healthcare policies tailored to their workforce's specific needs. This flexibility is particularly beneficial for small and medium-sized enterprises (SMEs), which often struggle to find affordable, comprehensive coverage in the conventional insurance market.

Giles explains: "Self-insured employers have nearly complete flexibility to tailor coverage terms that best match their employee demographics and benefit objectives. Captives — particularly group captives — make it more feasible for SMEs to convert from a fully insured plan to a self-funded plan, allowing them to assume more control in reducing costs."

By joining group captives, SMEs can collaborate with other businesses to share risks, leading to more stable insurance costs and the ability to customise coverage according to their specific needs. Captive programmes generate detailed claims data specific to each business's risk profile, which can be analysed to identify patterns, trends, and opportunities for improvement.

Anne Marie Towle, CEO of Hylant Global Captive Solutions, says "Captives can incorporate various cost-containment strategies related to care management, therapies, and pharmacy initiatives. By focusing on early intervention and ongoing support, employers can improve health outcomes and reduce long-term costs."

In addition to offering tailored benefits, captives provide greater transparency in healthcare spending. Members gain access to detailed claims data, enabling them to identify cost drivers and implement targeted interventions — a level of insight rarely available in traditional insurance plans.

"Transparency is crucial for effective cost management," Towle adds. "Captives provide employers with detailed insights into their claims experience, utilisation patterns, and cost drivers. This information empowers them to make data-driven decisions about plan design and provider networks."

In this regard, Dunkelberger highlights an additional benefit: "Unlike a traditional plan, employers enrolled in a captive have the potential to receive their unused premium back in the form of a dividend. These dividends can be used for other applicable expenses, like voluntary benefits — hospital indemnity, short- and long-term disability, and others."

Moreover, captives provide employers with the flexibility to supplement standard healthcare benefits with initiatives such as step count competitions, behavioural health assessments, and other programmes that encourage proactive health management. Dunkelberger notes that by promoting such initiatives, "these programmes can reduce potential future medical costs and further the underwriting surplus of the captive."

Simmons emphasises the importance of data analytics in this context: "Through the power of data analytics, we are able to help pinpoint best outcomes and work with members to drive care where it is best for them and ultimately their bottom line."

She explains that captives aim to control fixed costs by collectively purchasing reinsurance at more favorable rates and implementing targeted solutions that impact claim expenses. Simmons points out that directing employees to providers with superior outcomes, even at a slightly higher initial cost, can lead to long-term savings.

"Through the power of data analytics, we are able to help pinpoint best outcomes and work with members to drive care where it is best for them"

Kathryn Simmons, AssuredPartners

"Self-insured employers have nearly complete flexibility to tailor coverage terms that best match their employee demographics and benefit objectives"

Phillip C. Giles, Skyward Specialty

Bridging the gap

Organisations are increasingly recognising the potential of captive insurance models to advance health equity.

By allowing employers to design inclusive healthcare policies, captives address disparities in access to care, ensuring that all employees receive quality health services tailored to their diverse needs.

Jeff Levin-Scherz, population health leader at WTW, notes: "Employers should be thinking about health equity whenever they are making plan design decisions. Plan benefit design should be inclusive, offering the care needed by communities that have been minoritised or have faced past discrimination."

He gives examples such as having a network that includes diverse providers, offering fertility benefits that are valuable to both traditional and non-traditional families, and providing robust mental health services.

Meanwhile, Giles points out that health disparities often arise from systemic issues within the healthcare system, including access to care and affordability. In this context, captives allow employers to address these disparities by offering benefits that are sensitive to the socioeconomic and cultural needs of their employees.

In addition, experts highlight that employee education is essential for maximising the benefits of a captive. When employees understand how their choices impact their health and the company's healthcare costs, they are more likely to participate in preventive care, adhere to treatment plans, and utilise cost-effective services. Giles emphasises: "Educating employees about their health benefits and the importance of preventive care can lead to significant reductions in healthcare costs and improved health outcomes."

Echoing this perspective, Christian notes that well-communicated benefits programmes are more valued by employees, regardless of plan design. "We encourage employers to utilise a variety of education and communication methods," Simmons says. "These can include videos, easy-to-understand benefit guides, and one-on-one meetings where necessary."

The evolution of medical stop-loss captives has further enhanced their role in promoting health equity. Giles observes that these captives have progressed through several generations, each adopting more advanced risk control and cost-containment strategies. "The newer generation of captives continues to evolve from earlier generations through AI underwriting to augment risk analysis and by providing a platform of risk reduction and cost-control initiatives from best-in-class solution specialists," he explains.

He notes that offerings such as reference-based pricing (RBP) and direct provider contracting, centres of excellence (COE) networks for complex medical conditions, specialty pharmaceutical management, retrospective claim review, and repricing now represent the minimum bar of entry for captive platforms.

“More progressive captives are incorporating elements such as sophisticated data analytics and predictive modeling. The current generation has progressed tremendously in the level of innovative sophistication that is available and the increased ability to reduce risk. Responding to large claims after they happen is one thing, but captives are now starting to integrate the necessary technology to identify and mitigate medical claim risk before it happens.”

Simmons shares an optimistic outlook on the future of employee benefit captives, stating: “As the healthcare industry evolves with technology, we will be able to bring about easier, more predictive underwriting. Every captive manager’s goal is to have predictable, accurate, and timely actionable data.”

Sharing the same opinion, Christian stresses: “Imagine a world where you can predict within a company population to a higher degree of accuracy the number of knee replacements, breast cancer patients, and more.”

He adds: “This knowledge is going to allow employers to spend less time gathering information for underwriting and spend more time on educating their team members on various point solutions that may very well improve their outcomes and save their lives. This will be an industry game changer.”

Discussing trends in the healthcare sector, Dunkelberger anticipates a shift away from adverse risk retention captives. He explains that such models, where all employer members qualify for the same rate cap regardless of risk, can lead to unsustainable practices by incentivising bad risks to remain captive and driving good risks away. To combat this trend, he suggests the use of proprietary methods, such as the member engagement index (MEI), which ties employer behavior to renewal rates, the distribution of underwriting surpluses, and contractual terms. This equitable model considers employer engagement in proactive programmes and addresses avoidable risks, ultimately impacting the total cost of care and subsequent premiums.

Looking ahead, Dunkelberger says: "We also predict that the most progressive captives will move into positions that impact the unit cost of care and the utilisation trends around care delivery." As the healthcare industry evolves, captives are set to play an important role in shaping the future of risk management, particularly in addressing rising costs and health inequalities. ■

"Captives can incorporate various cost-containment strategies related to care management, therapies, and pharmacy initiatives"

Anne Marie Towle, Hylant Global Captive Solutions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Breaking new ground and paving the way

John Savage brings together industry experts to reflect on the key trends that defined the captive insurance landscape in 2024 and share their predictions for the challenges and opportunities ahead in 2025

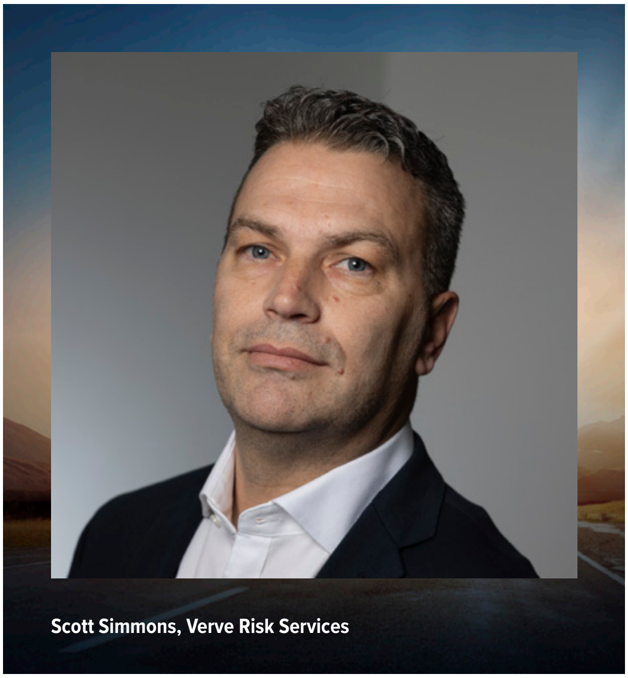
Reflecting on 2024, what stands out as the most impactful development, lesson, or milestone for your business within the captive insurance industry, and how has it shaped your approach moving forward?

Scott Simmons, director, Verve Risk Services: Developing our online captive portal, Verve Aura, has been a significant achievement for us, and we look forward to continuing to roll the portal out to captive experts, enabling the online purchase of our D&O and micro-captive products during 2025.

Ian-Edward Stafrace, chief strategy officer, Atlas Insurance PCC: This year has been transformative for Atlas Insurance PCC, marked by significant milestones that have reshaped our approach and underscored the potential of innovation within the captive insurance industry.

A standout achievement was becoming the first and currently only EU-protected cell company (PCC) to secure UK branch authorisation in the post-Brexit landscape. This development reflects the importance of strategic agility in navigating regulatory complexities and evolving client needs.

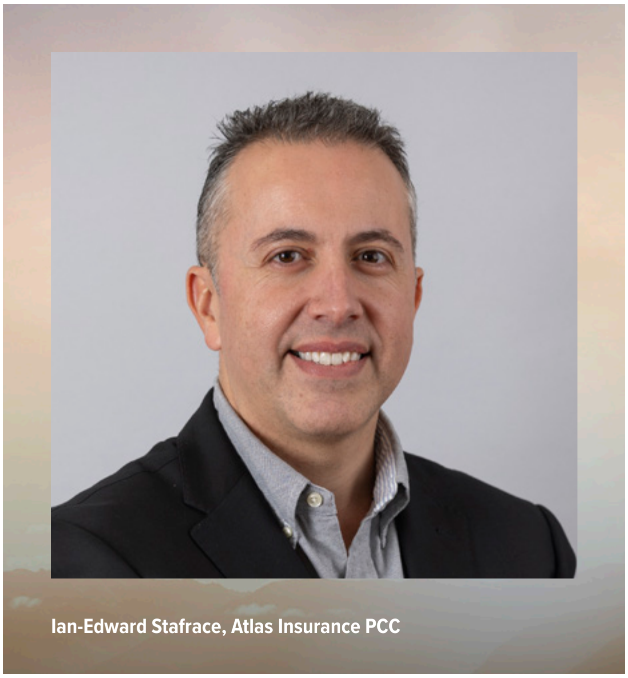
We have lowered barriers to entry by letting companies and intermediaries with UK risks set up cells that can directly



Scott Simmons, Verve Risk Services

underwrite them without fronting arrangements. This has allowed clients to keep more of the risk and underwriting profit and made it easier for them to access the cheaper reinsurance market. This capability offers businesses new opportunities to optimise their insurance and risk finance strategies across the UK and EU.

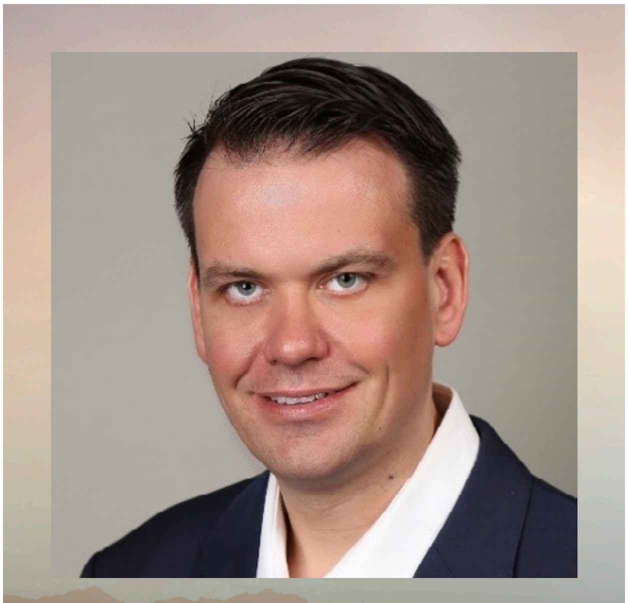
Additionally, 2024 saw Atlas become the first EU PCC to extend its non-life (re)insurance licence to encompass life reinsurance.



Ian-Edward Stafrace, Atlas Insurance PCC

Market demand and our desire to offer more flexibility in captive solutions drove this development. By licensing our first cell that reinsures products with both life and non-life benefits, we have addressed immediate client needs and paved the way for future innovations, such as employee benefits programmes that combine non-life insurance with group life reinsurance within the same cell.

The scale of our impact is evident, with over 1.5 million EU and UK policies issued in a year through our hosted cells. This growth reflects the increasing recognition of protected cell structures as a powerful solution for simplifying complex cross-border insurance needs. It also highlights the collaborative efforts of the various global captive managers we work with to drive awareness of the flexibility and value of protected cell solutions.



Marcus Schmalbach, RYSKEX GmbH

Michelle Bradley, SIGMA Actuarial Consulting Group

Marcus Schmalbach, founder and CEO, RYSKEX GmbH: 2024 marked a pivotal moment with our regulatory collaboration in Connecticut, positioning carbon credits as a novel form of regulated collateral within the captive insurance framework.

This milestone not only validated our model but also underscored the importance of aligning innovation with ESG principles. It reaffirmed our belief that integrating sustainability into insurance solutions is not just a trend — it is a necessity.

Going forward, our focus is on scaling this concept globally and expanding its application into areas like insurance-linked securities (ILS) and risk financing for large enterprises.

Michelle Bradley, consulting actuary, SIGMA Actuarial Consulting Group: One of the biggest issues we noticed throughout 2024 was the rapid evolution and expansion of many of our clients' risk profiles. A number of different (but often converging) issues contributed to this shift, including legislative changes, social inflation, shock verdicts, and emerging climate issues. These seem to have had a significant impact on companies' risk management strategies, especially in terms of the types of risks considered for captive placement.

The nature of the consulting field means that we are often reacting to client needs rather than predicting them. So, rather than focus on specific types of risks or industries, we have placed increased emphasis on our team's ability to conduct valuable research on emerging risk profiles and industry-wide changes to strengthen our overall captive analytics.

Kevin Poole, general manager, Insurance Managers Association of Cayman: 2024 was an encouraging year for the Cayman Islands captive insurance industry.

While we await official statistics from the Cayman Islands Monetary Authority (CIMA), projections suggest approximately 40 new licensees, maintaining a steady pace of growth.

Interest in Cayman as a leading jurisdiction remains strong across all sectors, with the reinsurance market showing exceptional expansion.

The Cayman Captive Forum, which attracted a record-breaking 1,570 attendees in December 2024, exemplified this momentum.

These trends reinforce Cayman’s position and shape our plans to sustain this positive trajectory moving forward.

Dan Towle, Captive Insurance Companies Association

Dan Towle, president, Captive Insurance Companies Association: France's creation and progress as a captive insurance domicile is the most significant development from an international perspective in 2024. Their success over the past two years and captive-friendly approach have shown just how fruitful the European market is for more captive growth.

The UK and other nations considering becoming captive domiciles have clearly taken notice. It has also created a roadmap for success that others will follow. This success will resonate throughout Europe and in other parts of our global community.

Christine Brown, director of captive insurance, Vermont Department of Financial Regulation: As a valuable risk financing tool that complements rather than competes with traditional commercial insurance programmes, the captive insurance industry continues to experience significant growth. In 2024, Vermont had another record year of growth, with a diverse group of entities forming captives to address their unique risk management needs.

Among the most creative and noteworthy structures and uses we saw this year are programmes designed to address complex social, environmental, and political issues.

It has been exciting to see the innovative financing arrangements used to fund risks that are otherwise difficult or impossible to insure in the commercial marketplace.

As organisations seek more tailored and flexible ways to manage complex risks in an evolving economic and regulatory landscape, it is important to work with professional partners who are experts at what they do. With a dedicated team of 30 highly qualified professionals who have navigated a wide range of scenarios, the Vermont Captive Insurance Division, well-positioned to lead the industry as a centre of excellence in captive insurance, will continue to ensure comprehensive, collaborative, and informed oversight of captives domiciled in our state.

Looking ahead to 2025, what key trend, opportunity, or challenge do you anticipate will most influence the captive insurance industry, and how is your business preparing to navigate it?

Sam Komo, captive manager, Missouri Department of Commerce & Insurance: The Missouri captive insurance programme experienced an ongoing trend in 2024 as the captive industry dissolved inactive companies, continued to increase coverage, and expanded the reinsurance market.

Christine Brown, Vermont Department of Financial Regulation

Sam Komo, Missouri Department of Commerce & Insurance

Lori Gorman, North Carolina Department of Insurance

These trends are a continuation of 2023, where gross written premiums increased by 148 per cent.

While our total number of active captives will be 53 as of 1 January 2025, my projection suggests gross written premiums will again see an increase when reported in March 2025, which tells me the programme has value to the business community in our state and beyond.

If Missouri had to sum up the last two years of conversations and travel, it would be the ongoing need to support the risk community in the Midwest.

That is why our focus in 2025 will move beyond the numbers as we work to develop a coalition of risk managers in and around Missouri.

This vision has led us to build a strong partnership with the Missouri Captive Insurance Association.

We are collaborating to develop the Mid Rivers Risk Forum, which will take place in St. Louis from 28-30 September 2025. This event will allow attendees to expand their knowledge in their area of interest while learning new creative options in the risk industry.

Lori Gorman, deputy commissioner, Captive Insurance Companies division, North Carolina Department of Insurance: North Carolina's captive insurance industry can expect the robust growth we experienced in 2024 to continue into 2025. The ongoing hardened market with its pricing challenges will continue to make captive solutions attractive alternatives for risk management needs in the new year.

For companies that self-insure, captive insurance structures offer the appealing benefits of tailoring coverages and gaining greater control over their risk management programme.

Coverage in the property sector stands out as particularly challenging following increased instances of catastrophic events.

As a result, more business owners with favorable loss histories are considering using captives to help contain costs and gain access to the reinsurance market to manage this risk.

We expect this trend of more business owners offering property coverages to lead to more new formations in the coming year.

Many existing mature captive entities will likely expand as owners continuously evaluate their coverage needs.

Kevin Poole, Insurance Managers Association of Cayman

Rising healthcare costs are driving emerging opportunities for medical stop-loss programmes and supplemental employee benefits within captive structures, in addition to evolving risks such as AI, cyber, and terrorism coverages.

Even in the face of more regulatory pressure and increased IRS scrutiny, the captive insurance market overall is continuing to grow as a nimble, flexible alternative to the traditional market.

Interest in cell structures is expected to remain strong due to smaller to mid-size companies exploring the advantages that captive structures can provide while reducing reliance on the commercial market.

As a leading captive domicile, North Carolina is well positioned to meet the changing needs of the captive industry, and it looks forward to the challenges and opportunities in the year ahead.

We have a dedicated staff of experienced in-house analysts and actuaries with a focus on excellence in customer service.

Many owners and service providers will find our philosophy of business-friendly, prudent regulation coupled with low-cost formation and operation attractive when choosing a home for their captive in 2025.

Schmalbach: 2025 will likely be defined by the rapid adoption of technology-driven solutions in the captive insurance space. Trends like tokenisation, AI-driven risk assessment, and the rise of decentralised finance are poised to revolutionise how captives operate.

The challenge will be ensuring these technologies are not only innovative but also practical and compliant with varying regulatory landscapes.

At RYSKEX, we are preparing by deepening our partnerships with forward-thinking regulators, enhancing our AI capabilities, and integrating tokenisation into our solutions to provide more transparent, efficient, and scalable risk transfer mechanisms.

Poole: With the insurance market facing challenges across various lines, captives remain at the forefront of risk management solutions for licensees, which is expected to continue into 2025 and encourage new start-ups.

Throughout 2024, Cayman actively participated in international conferences, including captive-specific and broader industry-focused events. These engagements allowed stakeholders to explore the advantages of Cayman as a domicile.

Moving forward, Cayman intends to expand its presence at these industry events in 2025, showcasing the jurisdiction's comprehensive offerings and innovative solutions for global businesses.

Towle: Captive industry growth will remain strong through 2025 even with a softening insurance market among some lines of coverage.

Being able to keep up with the sustained growth our industry is experiencing will become a bigger challenge in 2025.

The need to bring in new and younger talent and develop them quickly will become more important than ever.

Focusing on employee development and investing in young professionals by utilising CICA's Amplify Women and NEXTGen programmes will be key to success in maintaining and developing talent.

Along with this, we will also see the increasing challenge of keeping key personnel that will persist with the sustained growth we are witnessing.

Expect to see people on the move, as some professionals will use this opportunity to move to higher-wage jobs at other companies.

Our industry will also continue to garner interest from private equity firms making investments in the captive insurance industry.

This will provide the necessary capital for companies to pay higher-than-average wages, attracting key professionals from other companies and supporting overall growth.

Brown: Commercial lines covering business risk have traditionally used captives.

There has, however, been a growing interest in using captives to cover personal lines, such as homeowners, auto, and personal umbrella policies.

The emergence of personal line coverage in captive insurance brings significant regulatory challenges to the industry.

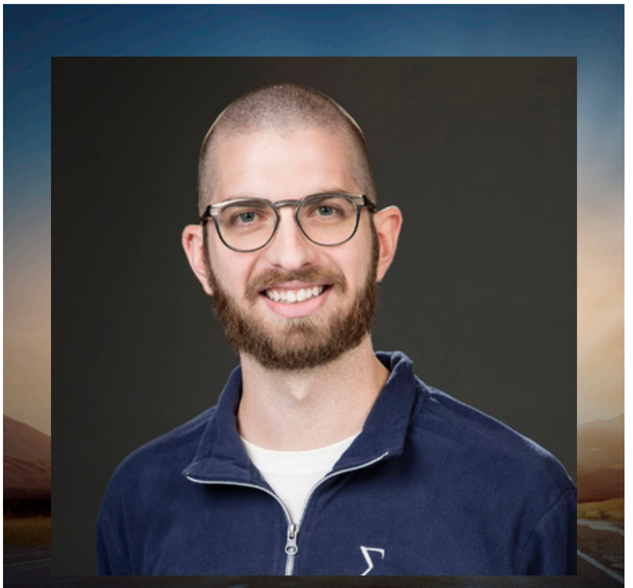
Regulators and service providers must carefully consider the concerns associated with using captives for personal lines.

These concerns include consumer protection issues, the volatility of personal lines, particularly in the case of natural disasters and liability claims with runaway verdicts, which can pose solvency concerns.

Additionally, the lack of risk diversification and potential for misuse from a tax perspective must also be taken into account.

Captives formed for the purpose of covering personal lines should be ready to comply with consumer protection laws and personal line regulations.

Vermont's law prohibits captives from providing personal lines coverage due to these consumer-facing and solvency-related concerns.



Enoch Starnes, SIGMA Actuarial Consulting Group

Although these developments do not directly impact Vermont, they give rise to a new reputational challenge for the industry as a whole.

Enoch Starnes, actuarial consultant, SIGMA Actuarial Consulting Group: Since we are an analytics company, our biggest opportunity often centres on the development of new approaches and strategies to measure the shifts we are seeing in the overall risk landscape.

A recent example of this is our continued integration of Enterprise Risk Management (ERM)-style processes to identify, quantify, and monitor risks within the captive space.

Iterative techniques such as these can help facilitate a more consistent review of retention levels and programme structures.

Adopting a more holistic approach that broadens consideration to all risks, rather than current problem risks, is something that we feel will be an important part of future risk management strategies. ■

The 2025 World Captive Forum

Insights and expectations

Gavin Souter, editor at Business Insurance, reveals what to expect in the upcoming event, which will take place from 5-7 February, 2025, at the JW Marriott Orlando, Grande Lakes in Orlando, Florida

The 2024 World Captive Forum attracted 530 attendees from 16 countries. What unique perspectives or growth do you anticipate for the 2025 event?

The World Captive Forum began nearly 25 years ago and has continued to grow and evolve as the captive industry has developed.

One key attraction of the event is that it is domicile-neutral, so the sessions focus on topics that interest captive owners wherever their captives are based.

As the international property and casualty (P&C) insurance market remains challenging for many buyers, we anticipate owners and prospective owners will be interested in learning how to use their captives to cover an expanding range of risks.

Your conference agenda spans general, P&C, and employee benefits tracks. What emerging industry trends are likely to be most prominently discussed this year?

Tax is a perennial topic of discussion, and with the coming change in the presidential administration in the US, we would expect the issue to again be discussed in 2025.

Captive owners must be aware of self-procurement, excise, state and local, and premium taxes.

Economic changes are ahead, and the ramifications for insurance and captives will also likely be a hot topic, as will the changing reinsurance market.

Several sessions explore technological innovation, particularly AI's impact on captive strategies. How are digital transformations reshaping risk management in the captive insurance sector?

Throughout the insurance sector, there is a feeling that we are just at the beginning of an AI transformation.

For captive owners and managers, the main impact we are seeing so far is in data collection and analysis.

Access to exponentially more data helps owners and managers better assess, mitigate and handle exposures.

image by katelyn/stock.adobe.com

International perspectives appear crucial to the 2025 Forum, with dedicated sessions on UK and Latin American captives. What global regulatory developments are most significant for captive insurance?

The UK government's consultation on a captive insurance regime could potentially lead to significant developments, but various regulators worldwide regularly look to update their regulations as markets and risks evolve.

Could you elaborate on the strategic considerations for organisations contemplating captive insurance formation or expansion in the current market environment?

Captive managers we speak with always emphasise that the time and resources needed to establish a traditional captive require a long-term view and a commitment to risk management. Market forces may generate an interest in retaining more risk, but setting up a captive should be part of a long-term strategy.

The conference emphasises networking opportunities. What specific interactive experiences will distinguish the 2025 World Captive Forum?

Our annual golf tournament is always a crowd favourite. This year we have adjusted the agenda to include a Lunch and Learn and two Explore and Engage breaks in the Expo Hall where attendees can connect with exhibitors, industry experts, and fellow attendees while re-energising with refreshments.

In addition to two networking breakfasts and two evening receptions — there will be ample opportunities to network. Plus, our conference app allows attendees to schedule times and locations to meet up with one another ahead of and during the conference.

Your pre-conference 101 Session targets newcomers. What fundamental insights should potential captive owners understand about establishing and managing a captive?

Our speakers for the 101 Session are long-standing experts in the captive field, and common themes they stress each year are the importance of comprehensive captive feasibility studies, actuarial analysis and the assessment of costs involved in setting up a captive.

Healthcare and employee benefits sessions suggest evolving risk management approaches. How are captives innovating to address complex healthcare cost and coverage challenges?

The healthcare experts we speak with emphasise how captive owners use data-driven strategies to manage their healthcare-related risks better, enabling them to feel more comfortable retaining more risks.

Beyond formal presentations, what distinguishes the 2025 World Captive Forum as a must-attend event for industry professionals?

In a word, networking. Attendees can meet with captive owners from across the US and other countries, regulators from multiple domiciles, and captive managers and other service providers with incredible collective knowledge. They can also meet with prospective captive owners there to learn more and to bring their perspective on risk. ■

Gavin Souter
Editor
Business Insurance


IMAC
INSURANCE MANAGERS
ASSOCIATION OF CAYMAN
imac.ky
We're more than
world famous beaches.
The Cayman Islands offers a business friendly
environment, professional infrastructure,
innovation and stability.

Gary Greene
Managing director
Wellspring Financial Solutions

Unleashing the potential of direct indexing for captive insurers

Gary Greene, senior vice president and managing director at Wellspring Financial Solutions, delves into the strategic advantages of direct indexing for captive insurers, offering insights on how this approach can enhance investment portfolios

First published in the Captive Insurance Times Asset Management Annual

How does direct indexing differ from traditional index-based investments like ETFs or mutual funds, and what unique advantages does it offer captive insurers in terms of portfolio customisation and risk management?

Direct indexing represents a significant evolution in investment strategies, providing investors with greater autonomy, control, and potential tax advantages compared to traditional mutual funds or exchange traded funds (ETFs). Unlike these conventional vehicles, where you invest in a fund that holds a basket of stocks, direct indexing involves purchasing the individual stocks that comprise an index. The portfolio's weightings closely mirror those of the index, but with key differences that offer distinct advantages.

One of the primary benefits of direct indexing is the ability to engage in tax-loss harvesting. Investors can selectively sell individual stocks at a loss to offset capital gains elsewhere in their portfolio. Traditional fund structures, which pool gains and losses, do not offer this powerful tool for tax liability management.

Portfolio customisation is another significant advantage. While mutual funds and ETFs expose investors to all of the fund's companies or sectors, direct indexing allows for the exclusion of specific stocks or sectors. This customisation is particularly beneficial for captive insurers, who can align their portfolio more closely with their specific risks, goals, or preferences.

Moreover, direct indexing allows for tax lot customisation. Investors can choose specific tax lots to sell when rebalancing or adjusting their portfolios, offering another layer of tax efficiency. Additionally, unlike mutual funds, direct indexing avoids triggering capital gains at the fund level, which can further enhance tax efficiency.

For captive insurers, these benefits are particularly valuable. The ability to tailor a portfolio to match the insurer's unique risk profile, while also managing tax exposure more effectively, makes direct indexing a compelling choice.

This strategy allows insurers to realise potential tax benefits that would be inaccessible within the traditional fund structure.

For instance, if the value of certain stocks within an ETF declines, the fund is unable to harvest those losses individually. However, with direct indexing, the investor can sell those underperforming stocks at a loss and replace them with others that have similar characteristics — such as swapping Home Depot for Lowe's or AT&T for Verizon — thereby releasing losses that can offset gains in the current or future years.

What role can direct indexing play in helping captives manage their unique risk profiles, particularly in aligning investment strategies with underwriting exposures and claim payment patterns?

Direct indexing is a useful tool for captives because it allows them to tailor their investment strategies to closely align with their specific balance sheet risks and cash flow requirements. Much like any insurance company, captives need their investments to reflect the unique risks they underwrite.

Direct indexing, through customisation, enables captives to manage these risks effectively. For instance, we can design portfolios to steer clear of, or restrict, investments in areas significantly linked to the captive's underwriting risks. If a captive insures supply chain risks from a particular country, it may limit investments in that country to mitigate exposure. Similarly, it helps manage counterparty risk by avoiding or limiting investments in companies that are directly or indirectly associated with the captive or its parent company. This might include avoiding investments in direct competitors of the parent company, thereby ensuring that the captive's investment strategy does not inadvertently increase its overall risk exposure.

How does the tax-loss harvesting potential of direct indexing translate to the captive insurance context, considering the specialised tax treatment of captives?

Direct indexing's tax benefits are among its most valuable features, particularly for mature captives with equity investments. Typically, captives pay taxes on their investment income and capital gains. When a captive sells a fund or ETF, it is required to pay taxes on the collective gains of the underlying fund holdings. However, any potential tax benefits from the underlying holdings that have declined in value are forfeit. This is fixed by direct indexing, which lets captives get those losses directly from individual securities in a portfolio. This is a better way to balance out gains and lower overall tax obligations than investing in a fund or ETF.

In what ways can direct indexing facilitate ESG integration for captives looking to align their investment portfolios with corporate values or stakeholder expectations?

Direct indexing offers a highly customisable approach that aligns well with ESG mandates. Unlike traditional investment methods, direct indexing allows captives to hold individual company stocks, providing the flexibility to tailor their portfolios in line with specific ESG criteria. For instance, captives can exclude companies that do not meet their corporate values or stakeholder expectations, or they can screen the entire index for particular ESG metrics before making investment decisions. Furthermore, numerous direct indexing managers currently provide options specifically linked to ESG-focused indices, simplifying the process for captives to incorporate socially conscious investing into their portfolios.

How might direct indexing strategies be tailored to address the often longer investment horizons of captive insurers compared to traditional property and casualty companies?

Direct indexing is an equity-based investment strategy, making it particularly well-suited for captives with intermediate to longer-term investment horizons. I typically recommend this approach for captives that possess ample surplus or are managing longer-tail risks. The extended timeline allows these captives to fully leverage the benefits of direct indexing, such as increased customisation and potential tax efficiencies, aligning well with their long-term financial objectives.

What technological infrastructure is required to effectively implement and manage a direct indexing strategy for captives, and how does this compare to traditional investment approaches?

Captive investors who opt for direct indexing through a professional money manager typically won't need additional technological infrastructure. However, challenges may arise for captives that do not use an automated accounting system, such as Clearwater Analytics. Direct indexing often leads to a portfolio comprising several hundred securities, which can create significant accounting complexities. In contrast, traditional investment approaches, with fewer securities, are generally easier to manage without the need for sophisticated accounting tools.

How can direct indexing be utilised to manage concentrated positions or sector exposures that may arise from a captive's parent company or industry focus?

All companies face counterparty, sector, and geopolitical risks, but recognising these risks is just the first step; taking action to hedge or mitigate them is where the real challenge lies. Captives, due to their relatively small size compared to commercial insurers, often have a more limited selection of investment vehicles. This limitation often leads them to use funds or ETFs to achieve necessary diversification, sometimes at the expense of exposing their balance sheet or parent company to certain risks.

Captives can track an investment index with minimal tracking error and customise it to mitigate non-market-driven risks through direct indexing. For instance, if a captive's parent company or industry focus exposes it to specific companies or industries, we can tailor direct indexing to mitigate these concentrated positions, thereby providing a more targeted approach to risk management.

In the context of a hardening insurance market, how might direct indexing provide captives with additional flexibility in managing their investment portfolios to support potential increases in underwriting activity?

Direct indexing can offer captives a unique advantage by potentially generating higher after-tax total returns on their investments. Using this strategy allows captives to keep funds that they would have otherwise paid in taxes. The balance sheet immediately receives these additional dollars as excess surplus, allowing captives to leverage them in various ways. Captives can use this surplus to lower future premiums, increase retention, or expand their coverage offerings, thereby enhancing their ability to manage increased underwriting activity in a challenging market environment.

What are the key considerations for captive managers when evaluating the cost-benefit trade-off of implementing a direct indexing strategy versus more traditional investment approaches?

The key considerations for direct indexing are quite similar to those for traditional investment approaches. Direct indexing is primarily an equity-based investment strategy, which means that captives must assess whether they have the risk capacity, risk tolerance, and investment timeline to support equity investments. While direct indexing is a modified passive approach and may incur slightly higher costs compared to traditional passive investing, these costs are generally minimal. In my experience, the benefits of direct indexing, such as greater customisation and potential tax advantages, often far outweigh these additional costs. ■

"All companies face counterparty, sector, and geopolitical risks, but recognising these risks is just the first step; taking action to hedge or mitigate them is where the real challenge lies"

Mariame Melissa Vásquez Fuentes
Head of Marketing
Mandarin Re

Exploring opportunities in reinsurance captive

Mariame Vásquez shares her aspiration to see the reinsurance captive grow, especially in emerging markets, and to be an active part of that expansion

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?

Captive reinsurance is an industry that has experienced remarkable growth and expansion, especially among small and medium-sized groups of companies.

This model offers significant economic benefits, allowing companies to fully understand their risks and access privileged sectors such as traditional reinsurance markets. In addition, adopting captive insurance favors the development of the reinsurance industry in general, as it contributes to incorporating new players in the market and strengthening competition and innovation.

I have worked mainly with clients in Latin America, and some in Europe and Africa. These clients come from diverse sectors, such as insurance companies, banks, hospitals, hotels, shopping malls, the food industry, and funeral services. Sometimes, clients lack clarity about the specific risks they aim to safeguard, but our role as a captive manager and advisor guarantees that companies hold licenses across a wide range of business sectors. This business offers opportunities, so clients must be ready to take them. They typically consider risks that pertain to their personal relationships.

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

Throughout my career, I have learnt that every experience counts. I started as a receptionist in this industry, where I acquired fundamental knowledge of back office management. Over time, I specialised in underwriting facultative business and became involved in marketing, organising conferences, and managing branding topics.

Eight years ago, I was allowed to lead the captive and cell management portfolio, which permitted me to put into practice everything I had learned. I believe it is crucial to have mentors who guide us and share their knowledge and experiences in professional life, and to surround ourselves with a team where everyone rotates and nurtures leadership. In this industry, there is always something new to learn. It is a very specific field, and understanding it is key to offering customers products and services tailored to their needs.

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

It is a highly specialised sector that offers many opportunities for growth and development. Understanding the incorporation and management of captives and cells gives us a competitive advantage over other professionals.

It is a high-end business, allowing us to connect with owners of economic groups, which we in this industry refer to as ‘VIP Clients’.

This subject is so valuable to me that I am writing a book about it. During my literature search, I discovered a dearth of substantial sections devoted to the subject. This niche has excellent growth potential.

Can you name your main influences in the industry?

Throughout my captive management career, I have been fortunate to have had several key influences in the captive reinsurance industry. Mentors in my professional life have been crucial.

These individuals, with their experience and expertise, have guided me at every stage, helping me understand this industry's more complex aspects.

Working with professionals from diverse sectors, such as insurance companies, the actuarial industry, lawyers, and audit firms, has broadened my understanding of captive insurance's application in various sectors.

In addition, the experience of connecting with owners of economic groups has been very influential. These contacts have reinforced the importance of personal relationships and trust in this high-end business.

Also, the constant learning within the sector and exchanging ideas and experiences with colleagues and experts has allowed me to stay updated on best practices and emerging opportunities in this niche.

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

My aspirations are straightforward: I have formed my consultancy for companies and individuals who need support in the captive reinsurance industry.

In addition, I am strengthening my focus on corporate governance, an area that has become one of my passions. I firmly believe that good corporate governance is an asset for any organisation, regardless of its size.

Personal bio

Mariame Melissa Vásquez Fuentes is a seasoned professional in the reinsurance and captive management sector, currently serving as head of marketing for Mandarin Re. Throughout her professional journey, she has developed deep expertise in the incorporation and management of reinsurance captives.

Her career also includes a background in marketing and advertising, and she is a certified public translator fluent in both Spanish and English.

Mariame is the founder of Helykon Group, a consultancy providing tailored solutions for the captive reinsurance market. Her knowledge of the industry and dedication to confidentiality have positioned her as a trusted and respected figure. Since 2019, she has also offered director services for economic groups and companies, leveraging her extensive executive experience.

Committed to transparency, integrity, and client-focused service, Mariame leads with a vision for excellence. Beyond her corporate roles, she is a strong advocate for financial education and the economic empowerment of women and communities. Her leadership extends to mentoring women and youth, fostering growth and development in the industry and beyond.

Long-term, I want to establish myself as a sector leader due to my experience, ability to mentor and train new talent, and network with other professionals.

In addition, I remain committed to learning and research in the field. I am currently working on publishing a book on the subject, which reflects my interest in sharing my knowledge and experiences with other professionals and contributes to the expansion and professionalisation of the industry.

Finally, I would like to continue to see the industry grow, especially in emerging markets, and to be an active part of that expansion.

I would use the opportunities to create customised, valuable client solutions.

"I had the privilege of working with Mariame, during which I consistently witnessed her dedication and exceptional skills. Mariame has always been proactive in expanding her knowledge, regularly attending events and conferences that kept her up to date on industry trends and broadened her expertise in areas with a strong social impact.

One of Mariame's standout qualities is her unwavering integrity. She can act with honesty, transparency, and a deep commitment to doing what is right. This has enabled her to build a network of competent, upbeat, and, above all, ethical individuals.

Her genuine empathy allows her to connect effortlessly with colleagues and clients, fostering strong, meaningful relationships. Without a doubt, having Mariame on any team is both a privilege and a guarantee of success."

Pauline Barron, director, Radio Filarmonía

"Captive reinsurance is an industry that has experienced remarkable growth and expansion, especially among small and medium-sized groups of companies. This model offers significant economic benefits, allowing companies to fully understand their risks and access privileged sectors such as traditional reinsurance markets"

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

I am convinced that if you are interested in getting started in the world of reinsurance, starting out as a full-time captive or cell manager will give you a complete understanding of how a reinsurance company is run from A to Z. It is the best school. This is a unique field with an excellent opportunity for growth, but one that requires a thorough understanding of each client's specific risks and needs. As the industry is constantly evolving, it is essential to be willing to learn.

It is also important to surround yourself with experienced people who can serve as mentors. Professional guidance can accelerate learning and help you navigate this industry. More complete knowledge means more value to clients and team.

Finally, relationships are key in this industry, so developing a strong network of contacts, especially with other industry professionals and clients, will be crucial.

Captive reinsurance is a high-end business, so it is important to be honest and loyal to customers, proactive, strategic, and always prepared to take advantage of opportunities. ■

"Over the course of Mariame's professional career, she has demonstrated a mastery of the technical issues of insurance and reinsurance, as well as a healthy self-confidence to tackle challenges. A refined common sense guides her between what is correct and what is opportune, knowing how to wait, listen, and work as a team. As a natural leader, she nurtures and fosters the growth of her team.

Understand and consider in all performance areas how essential it is to define clear objectives, design correct strategies, and measure results. Mariame has qualities of empathy that lead her to achieve the established objectives in and with others. What she does not know, she investigates until she masters it. As she is constantly learning and growing, so is her professional career."

Liliana Chang Fong, insurance veteran

Industry Appointments

Bigglestone appointed Acting Commissioner

Sandy Bigglestone has been appointed as acting commissioner of the Vermont Department of Financial Regulation (DFR), following commissioner Kevin Gaffney's retirement. In the new role, Bigglestone will continue to oversee the captive insurance division of the DFR. She has been working in the division for over 25 years, serving as deputy commissioner since 2022, responsible for the regulation of captives in the state.

Bigglestone comments: "I am honoured to step up to serve the department knowing that we have a robust team in the captive division to continue business as usual.

"We continue to provide the highest quality of regulation at the speed of business for Vermont's captive insurance companies."

Commissioner Gaffney adds: "Sandy's extensive experience and strong leadership make her the perfect person to lead the department as we head into the new year.

"The deep bench within the captive insurance division ensures this change will have no impact on Vermont's captive insurance industry.

"This will be a smooth transition and I thank Sandy for stepping into this role." ■

Clawson named as Global Placement Leader at Marsh Asia

Marsh has appointed Brent Clawson as global placement leader for Asia.

Based in Singapore, Clawson has been working at Marsh Asia since 2023, previously as insurer consulting group leader.

He joined Marsh from Aon, where he worked as a chief broking officer in Asia. Prior to that, Clawson was regional manager in Asia, MidCorporate Underwriting at Allianz Global Corporate and Specialty.

He holds a Bachelor's degree in finance and risk management from Illinois State University and an Executive Master of Business Administration from INSEAD Business School.

Reith joins Acrisure as Executive Chairman of its MGA Volante

Acrisure has onboarded Martin Reith as executive chairman of its Lloyd's business with managing general agent (MGA) operations, Volante Global.

In addition to his role at Volante, Reith will advise Ben Canagaretna, managing director of Acrisure Re Corporate Advisory and Solutions, and provide insights on Acrisure's efforts to access third-party capital to capitalise on emerging opportunities.

He will be based in London and report to Matt Schweinzger and Grahame Millwater, Acrisure's executives whose responsibilities include Acrisure Re, their London based and International based businesses, as well as all global MGAs and programmes.

Bringing 40 years of industry experience to Acrisure, Reith has held leadership roles in underwriting, distribution and alternative capital.

Most recently he was CEO at Helios Underwriting, and was the founder and CEO of Ascot Underwriting back in 2001.

Commenting on the appointment, Schweinzger says: “As Acrisure continues to expand, we want to ensure we are benefiting from the most experienced leaders in the London market and beyond. Martin’s expertise will add tremendous value across several areas of our business.”

Millwater adds: “I have had the advantage of knowing Martin over many years, and his reputation and extensive network of long-term relationships will be extremely valuable and further strengthen our leadership team.”

Hylant expands Global Captive Solutions team with four key hires

Hylant’s Global Captive Solutions team has welcomed four new hires to strengthen its services and expand client support.

The new additions are Meg McIntire as captive account manager, Courtney Doherty as captive account executive, and Tom Hauschild and Pravin Rakhecha as senior captive account managers.

The firm says this expansion reflects Hylant’s commitment to investing in top-tier talent and reinforcing its position in captive insurance consulting and management services.

Commenting on the appointments, Anne Marie Towle, CEO of Hylant Global Risk and Captive Solutions, says: “We are excited to welcome these talented professionals to our team.

“Their experience and dedication to service will help us continue delivering customised captive and risk financing strategies with exceptional client support.”

Peed to lead RIMS in 2025 term

Risk and Insurance Management Society (RIMS) has named Kristen Peed as president for the 2025 term. Peed is currently head of corporate risk at Sequoia, a human resources technology platform and advisory services company, where she is responsible for the placement of corporate insurance programmes, claims management, and the implementation of risk mitigation strategies.

According to RIMS, Peed is a highly accomplished captive leader, receiving accolades for her success, including a nomination to join the International Center for Captive Insurance Education’s board of directors in 2024.

She has more than 20 years of experience in the insurance industry, both on the broker and client sides. Prior to Sequoia, she worked as director of corporate risk at CBIZ and as a part of the risk management teams at Swagelok and STERIS Corporation.

Peed has been actively involved in RIMS throughout her career, initially as an officer and board member for the RIMS Northeast Ohio chapter.

She joined RIMS global board of directors in 2018 and has served on its executive committee as secretary, treasurer and, most recently, as vice president in 2024.

Commenting on the appointment, Peed says: “As RIMS 2025 president — and the fortunate risk leader to serve in this role during RIMS 75th anniversary year — my priority is to help ensure that RIMS continues to deliver thought-leading insight and powerful networking opportunities that allow this professional community to thrive for years to come.” ■

Healy to lead Aon's global captive team

Aon has promoted Ciarán Healy to global captive leader for Commercial Risk Solutions (CRS). Healy brings over two decades of experience in captive management and risk financing experience. Most recently, he served as the chief commercial officer for CRS and previously as client solutions director for captive solutions in EMEA at Aon.

In the new role, Healy will focus on accelerating the broker's core capabilities for clients, including captive management, captive advisory, captive reinsurance, insurance-linked securities, and protected cell companies.

Based in Dublin, Healy will report to Richard Waterer, global leader of CRS at Aon, and lead a team of more than 500 colleagues, predominantly in North America and EMEA.

Commenting on the appointment, Waterer says: "Ciarán is a highly effective, client-centric and commercially driven leader with great experience to build on the momentum we are seeing in the captive space and the increasingly central role that captives will assume in Aon's broader risk capital strategy across reinsurance and commercial risk.

"Under Ciarán's leadership, Aon's captive team will deliver further innovation as our clients increasingly turn to options outside the traditional insurance market to protect and grow their businesses." ■

IMAC elects 2025 Committee

The Insurance Managers Association of Cayman (IMAC) has elected its 2025 Executive Committee following the annual general meeting.

According to the association, the committee includes both new and returning members who will guide the organisation's efforts for the year ahead.

Michael Wild has been named forum committee chair, while Gareth van den Bergh will lead the Marketing Committee.

Jessica Powell takes on the role of scholarship committee chair, and Andrew MacKay will chair the Education and Social Committee.

Continuing in their positions are Kieran Mehigan as IMAC chair and James Trundle as vice chair.

Erin Brosnihan remains secretary, with Paul Macey overseeing legislative and regulatory matters. Jenny Pooley will continue to manage the IMAC office.

Jaksic named as UK CEO at Zurich

Zurich has appointed Drazen Jaksic as UK CEO to replace Tim Bailey, who will lead the group's newly established global Life Protection business.

Jaksic joined Zurich in 2019 and previously held the positions of CEO of Zurich Benelux and global head of Accident and Health, Commercial Insurance.

Prior to that, he was senior vice president of Accident and Health at Chubb Europe.

Jaksic has over three decades of experience in the global insurance and finance sectors, covering both P&C and life. ■