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Cyber risk not a priority for captives

Aon's 2014 Captive Benchmarking Study has confirmed that only 1 percent of owners are funding cyber risk through their captives.

The reluctance for many organisations appears to derive from the challenge of gaining an estimation of the cyber risk exposure and quantification of consequences of cyber events.

This surprising result has prompted Aon to further investigate the possible reasons why, especially since prior research suggested much higher interest levels.

In Aon's 2014 Underrated Threats Report, 83 percent of the captive directors surveyed felt that the ranking of 18 in Aon's Global Risk Management Survey 2013 for cyber risks was severely underrated, a finding that was consistent along regional and revenue categories.

In the same 2013 survey, 7 percent of captive owners surveyed indicated interest in underwriting cyber risks such as computer crimes, hacking, viruses and malicious codes, in a captive over the subsequent five years.

Most cited the lack of appropriate cover in the commercial marketplace as the reason.

When Aon analysed those captives that are writing cyber risk, the majority were from the US healthcare industry. This relates to the Patient Protection and Affordable Care Act that places an obligation on the medical company or hospital to have electronic medical records, which are inherently open to cyber-attack.

According to Aon, other industries writing cyber risk are professional services groups, financial institutions and retailers, all of which have an increasing reliance on online tools.

Rating agencies down on reinsurance

Global reinsurers' underwriting results deteriorated in H1 2014 due to increased non-catastrophe-related property losses and a higher underlying run-rate loss ratio, according to a newly published Fitch Ratings report.

Results were still profitable due to continued manageable catastrophe-related losses and sustained favourable loss reserve development.

The group of reinsurers that Fitch tracks generated a calendar-year reinsurance combined ratio of 87.4 percent in H1 2014, up from 85.9 percent for the comparable half-year earlier and 85.5 percent at year-end.

The weaker results also reflect a shift in business mix by traditional reinsurers away from the property catastrophe business, which historically has the highest margins, as competitive market pressures have pushed property catastrophe premium rates to inadequate levels.

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New digs for SRS

Strategic Risk Solutions (SRS) has opened of a new office in Austin, Texas.

Andrew Marson, a senior account manager with the company's western US division, will initially split time between Scottsdale, Arizona, where he is currently located, and the Texas office, relocating full-time to Austin in April 2015.

Texas passed its captive law in June 2013 (Senate Bill 734), which requires that affiliated companies have significant operations in Texas in order to form or move a captive to the state.

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Rating agencies down on reinsurance

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Shareholders' equity showed a solid 13.9 percent increase over its H1 2013 position and growth of 5.2 percent since year-end 2013.

The adverse changes in the unrealised investment gain/loss position on fixed maturities during 2013 have largely reversed or turned favourable for non-life reinsurers in H1 2014, relieving some of the pressure from anaemic premium growth.

Fitch's global reinsurance sector outlook is negative, as the fundamentals of the reinsurance sector have deteriorated with declining premium pricing and weakening of terms and conditions across a wide range of lines.

Current market conditions have been deemed unlikely to improve in the near future by Fitch, "given the continuing competitive reinsurance market environment".

This bleak outlook is also shared by A.M. Best, which revised its outlook for the reinsurance sector to negative earlier this month, citing the significant ongoing market challenges that could hinder the potential for positive rating outlooks and upgrades.

A.M. Best first signaled this potential in a 4 April 2014 special report but continued to pore over the metrics for a better understanding of the market dynamics.

The agency claims that it has become apparent that, as compression continues bearing down on investment yields and underwriting margins, this strain on profitability will ultimately place a drag on financial strength.

At this point, A.M. Best's view is longer term than the typical 12 to 18 months.

While A.M. Best does not anticipate a significant number of negative outlooks or downgrades over the very near future, it states that the market headwinds at this point present significant longer-term challenges for the industry.

It has cited declining rates, the unsustainable flow of net favourable loss reserve development, low investment yields and the continued pressure of convergence capital.

But A.M. Best did try to challenge that negative bias and look at a broad range of measures and other trends.

These include the traditional market's increased use of capital markets capacity to help optimise results, net probable maximum loss (PML) for peak zones as a percentage of capital, the degree of cycle management and oscillation between primary and reinsurance platforms, the subtle migration into asset classes that will produce some increased yield and the focus on producing fee income.

In A.M. Best's recent release, it picked out "companies with diverse business portfolios, advanced distribution capabilities and broad geographic scope" as being better positioned to withstand the pressures in this type of operating environment.

New digs for SRS

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Captives licensed in Texas can only insure operational risks of affiliated companies and controlled unaffiliated business, as the statute prohibits captives from accepting insurance policy risks of an insurance affiliate.

"Texas as a domicile will be particularly attractive to Texas based companies," said Brady Young, president of Strategic Risk Solutions.

"We have very good client and partner relationships in the state and we feel that it is important to have a local presence to better serve the needs of these organisations," added Young.

Strategic Risk Solutions's Texas operations will be part of the company's western region managed by Ann Wick, president of Strategic Risk Solutions (West).

In addition to providing a local Texas presence, the Austin office will support domiciles in the central time zone, including Oklahoma and Missouri, where the firm has seen recent growth.

Wick commented: "Marson will continue to oversee his current clients while helping grow our presence in Texas. He is an experienced captive manager and we are confident he will be a valuable addition to the Texas captive community."

Patriot national acquires underwriter

Patriot National, a provider of workers' compensation and managed care services, has acquired Patriot Underwriters (PUI).

PUI is a programme administrator for regional and national insurance carriers providing all necessary 'turn-key' servicing functions, through its sister companies, for their carrier partners; including full policy administration, underwriting, loss control, claims, nurse case management, cost containment services and premium audit.

It also produces, underwrites and administer alternative market and traditional workers' compensation insurance plans for insurance companies, segregated cell captives and reinsurers.

Patriot National is headquartered in Fort Lauderdale, Florida with seven regional offices around the US and seven operating subsidiaries.

These include Contego Services Group, Patriot Risk Services, Forza Lien, Patriot Captive

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Management, Patriot Care Management and Carrier and Technology Solutions.

John Rearer, president of Patriot Underwriters, said: "Patriot Underwriters looks forward to the acquisition by a company that facilitates all workers' compensation insurance services."

"Patriot National's companies are led by a team of insurance professionals with extensive knowledge of the workers' compensation industry."

Latest on TRIPRA from JLT

JLT Insurance Management (USA) has published an update on the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA), which is due to expire on 31 December.

The update includes a brief history, explains why the law is so important to captive and commercial insurance company customers and lists some of the most important features that may change with a new version.

For example, the most recent senate bill would keep the backstop trigger at $100 million, but raise both the deductible and copayment.

A version passed along to the House of Representatives for action from its Financial Services Committee would make more drastic changes, including increasing the trigger to $500,000 for traditional terror acts, but leaving the trigger the same for nuclear, biological, chemical and radiological events.

A press release from JLT Insurance Management stated: "We believe the captive insurance industry—and, for that matter, American property owners—deserve and will see a bill near year's end that may include some minor changes, but nothing of major significance. We will continue to keep you informed."

Tax lawyers make their voices heard on NRRA

More industry names have weighed in on the recently introduced legislation to clarify the Non-admitted and Reinsurance Reform Act (NRRA).

Tax lawyer Stewart Feldman is a recognised expert on the independently procured premium (IPP) tax who first identified the legislative issues to the domestic domiciles that resulted in the now three-year-old legislative effort of the Coalition for Captive Insurance Clarity.

"The loose language of the NRRA resulted in a nationwide excise or gross receipts tax on captive insurance premiums," said Feldman.

"This contrasts with the fact that the NRRA was intended to simplify the tax reporting by brokers of non-admitted policies. The language of the NRRA in referencing a 'non-admitted insurer' is the culprit, leading states to argue that the NRRA encompassed all insurance programs from non-admitted carriers."

Not only does this interpretation lead to double taxation, in both the captive's state of domicile and in the home state of the insureds, but this interpretation imposes an excise tax on an entity simply covering the risks of affiliates.

Tax attorney Logan Gremillion has claimed that various states have been in a revenue bind over the past few years and saw the NRRA as an opportunity to increase their revenue.

Gremillion said: "The NRRA was targeted at surplus lines brokers, but an unfortunate drafting issue in the 2300-page act left many states with the ability to tax captive insurance procured by their home state insureds."

"This legislation would fix the legislative drafting issue by amending the definition of 'non-admitted insurer' to specifically exclude a 'captive insurer'. The Feldman Law Firm was among the first to identify the loose NRRA language in the Dodd-Frank Act and its impact on captives."

"For this reason, we have long worked with our clients in designing captive insurance programs to minimise the impact of IPP taxes and to break the nexus that leads to double tax."

At this time, the proposed legislation has only been introduced and referred to committees for review. The issues involving the ability of a state to tax out-of-state captive premiums remains a controversial and complicated tax issue.

While the proposed legislation would potentially correct the seemingly incorrect implications of the NRRA, several states have enacted laws regarding the taxation of captive insurance based upon the NRRA/home-state rule.

Gremillion warned that introducing the legislation is only a first step toward its enactment and the state laws remaining in place still require special attention from captive owners.

NAIC demands more transparency

The National Association of Insurance Commissioners (NAIC) has adopted the Corporate Governance Annual Disclosure Model Act and supporting Model Regulation, which provide a means for regulators to receive additional information on the corporate governance practices of US insurers on an annual basis.

Under the requirements of the Model Act, US insurers will have to provide a detailed account describing governance practices to their lead state or domestic regulator by 1 June each year.

The information will be protected by strict confidentiality measures, which were included within the models to encourage insurers to be open and transparent in describing their governance practices to regulators.

Insurers will be allowed some discretion in determining the level within the organisation to report their corporate governance practices at, depending upon their structure and organisation. The new disclosure requirements are expected to commence in 2016.

"[The act] represents nearly five years of thoughtful discussion and work regarding regulatory guidance that details best practices for the corporate governance of insurers," said Susan Donegan, commissioner of the Vermont Department of Financial Regulation.

Joseph Torti, Rhode Island deputy director and superintendent of insurance and banking, commented: "Annual and transparent disclosure of corporate governance practices of insurers will ensure that state regulators have a comprehensive understanding of the corporate governance structure, policies and practices utilised by the insurer."

Allianz continues South American expansion

Allianz Global Corporate & Specialty Resseguros Brazil (AGCS Re Brazil) is expanding its South American business by providing reinsurance solutions in Peru.

AGCS Re Brazil will work closely with clients and local direct insurers to provide specialised underwriting expertise as a reinsurer for standalone risks or as part of global programmes.

This initiative is part of AGCS Re Brazil's continuing strategy to grow in core markets across South America, using its local Brazilian reinsurer licence, and backed by its A.M. Best "A (Excellent)" rating and local Standard & Poor's "AAA" rating.

It follows a similar approach to the Chilean and Colombian reinsurance markets announced by the company in April.

Led by regional CEO, Angelo Colombo, the company is aiming for a 15 percent premium growth target across the region during 2014, building on its successful first year as a local reinsurer in Brazil, where it gained its local licence in 2013.

Using its Brazilian offices as a regional hub to support its expansion, AGCS Re Brazil will cater

Connecticut ranks #1 in the U.S. for insurance jobs per capita. The state offers a robust infrastructure of captive managers, actuaries, auditors, fronting carriers, investment managers and reinsurers. Combined with a convenient U.S. location, vast intellectual capital, history rooted in insurance and a vibrant culture of innovation, Connecticut is the world's Insurance Capital and a prime location for your captive business.

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for the most complex risks in the Peruvian market, including aviation, marine, energy, financial lines, engineering, liability and property, with technical risk engineering support provided by its Allianz risk consulting team.

Arthur Moossmann, chief regions and markets officer and board member of AGCS SE, commented: "We see significant demand for our specialist expertise in Peru so this initiative is a logical step for AGCS globally, as we continue to build our network of services into fast developing markets."

RRGs are chugging along nicely

Analytics firm Demotech has reported the financial results of risk retention groups for Q1 2014, with RRGs having adequate capital to handle losses.

Cash and invested assets have increased at a faster rate than total liabilities, the firm found.

Since 2010, cash and invested assets also increased 68 percent and total admitted assets increased 50.7 percent.

Demotech also found that RRGs collectively increased policyholders' surplus by 50.7 percent and liabilities increased 46 percent. The increase represents the addition of more than $1.5 billion to policyholders' surplus.

Liquidity, as measured by Demotech, for Q1 2014 was 71.9 percent. This shows an improvement for RRGs as liquidity was reported at 72 percent for Q1 2013.

Loss and loss adjustment expense reserves to policyholders for Q1 2014 was 89 percent, a lower amount compared with Q1 2013.

Tough competition in reinsurance, says Standard & Poor's

Competition among reinsurers is heating up, according to a report by ratings agency Standard & Poor's (S&P).

The agency has found that premiums are on the decline and third-party capital is fuelling excess capacity with reinsurers' financial strength being threatened.

To combat the effect on businesses, global reinsurers are seeking more profitable markets and are tweaking their investment strategies to see positive returns.

Smaller firms are merging to gain scale, but reinsurers are still sensitive to changes, found S&P.

The agency also found that the trend of insurance companies seeking to optimise their reinsurance spending as their purchasing decisions are made at the group level, rather than at the operating unit level, seems to be accelerating.

This approach, according to the S&P, "reduces an insurer's need to use a larger number of reinsurers for protection and consequently smaller, less-diversified reinsurers will feel pressure on their market positions."

The findings are based on the agency's assessment of 23 global reinsurers, which share capital adequacy and competitive positions.

US property/casualty reinsurers see growth

A group of major US property/casualty reinsurers had total policy surplus of $142.9 billion in Q2 2014, according to the Reinsurance Association of America.

The financial results of 18 reinsurers, including National Indemnity Co and Munich Re America, revealed that their total policy surplus had beaten Q1 2014 by almost $3 billion.

Their total policy surplus was also up on the same quarter in 2013, beating it by $15.9 billion.

The reinsurers' combined ratio—covering losses and expenses—reached 92.3 percent in Q2

2014, which was 1.6 percent down on the previous quarter's 93.9 percent.

JLT ups the pressure in the US

JLT Group is expanding its US specialty capabilities and merging JLT Specialty with Lloyd & Partners.

The move will see 'significant' expansion for the group's US activities into its specialty areas, including energy, construction, financial lines, credit, political and security, and aerospace.

JLT will invest £50 million into the expansion between 2015 and 2017. It anticipates seeing a return on that investment from 2018.

It has appointed Michael Rice as CEO and Pat Donnelly as president and deputy CEO of JLT Specialty Insurance Services, subject to the pair fulfilling their existing contractual obligations.

Mark Drummond Brady, deputy group CEO of JLT, an appointment he has been given with immediate effect, and Jonathan Palmer-Brown, a member of the JLT Group executive committee, will support the specialty business' growth plans.

JLT will also appoint a new non-executive director with specific knowledge and experience of the US insurance market to the JLT Group board.

Mike Reynolds is appointed global CEO of JLT Towers Re with immediate effect. Ross Howard remains as chairman, with Alistair Lockhart-Smith continuing in his role as deputy chairman of the global business.

The group said the success and growth that its specialty-led strategy has enjoyed is a main reason for the expansion drive, as is the support it will give to the JLT's reinsurance ambitions following its acquisition of Towers Watson Re in 2013.

On top of the US expansion, JLT Specialty is also merging with the group's wholesale broker, Lloyd & Partners, to create a single specialty business "of scale and distinctive capability".

JLT believes the merger will create "a business of scale and international reach, an increasingly important factor for both clients and markets."

The Lloyd & Partners brand will be retained to service and develop the group's independent wholesale client base.

Subject to regulatory approval, John Lloyd, CEO of Lloyd & Partners, will become CEO of JLT Specialty. Adrian Girling, chairman of JLT Specialty, will become chairman of Lloyd & Partners.

The merger will take effect from 1 January 2015, at which point Lloyd and Girling will become CEO and chairman respectively of the combined business, which will trade as JLT Specialty.

Commenting on the announcements, Dominic Burke, CEO of JLT Group, said: "The expansion of JLT's US specialty capability builds on the success we have had over recent years and is the next natural step in our evolution."

"Under Michael Rice's dynamic leadership, we are committed to building the pre-eminent specialty team in the US and anticipate a very positive response from experienced professionals interested in joining us."

"The US is a market in which we see a significant opportunity and demand for JLT's distinctive offering and to which we are firmly committed following our successful acquisition of Towers Watson Re last year."

"The merger of JLT Specialty and Lloyd & Partners creates a real powerhouse in the market in our chosen specialty areas under John Lloyd's proven leadership."

"Harnessing their market leading capabilities into a single business promises to enhance their ability to meet their clients' international demands, pursue our group strategy and deliver market leading organic growth."

Ratings round-up

A.M. Best has affirmed the financial strength rating of "A (Excellent)" and the issuer credit rating of "a" of Bison Insurance Company.

The rating actions reflect Bison's historically excellent capitalisation, consistent operating profitability driven by favourable underwriting results, conservative reserve levels and effective enterprise risk management controls.

The ratings also recognise Bison's history of maintaining sufficient capital and financial resources to support its ongoing obligations.

Partially offsetting these positive rating factors are Bison's volatile underwriting results, due to its low frequency, high severity risk profile, coupled with its high net retained limits relative to its available capital.

Additionally, the continually changing risk profile of Bison's primary insureds directly affects its risk profile.

This is mitigated by the company's conservative reserving philosophy and the ongoing demonstrated support from its parent, Duke Energy Corporation.

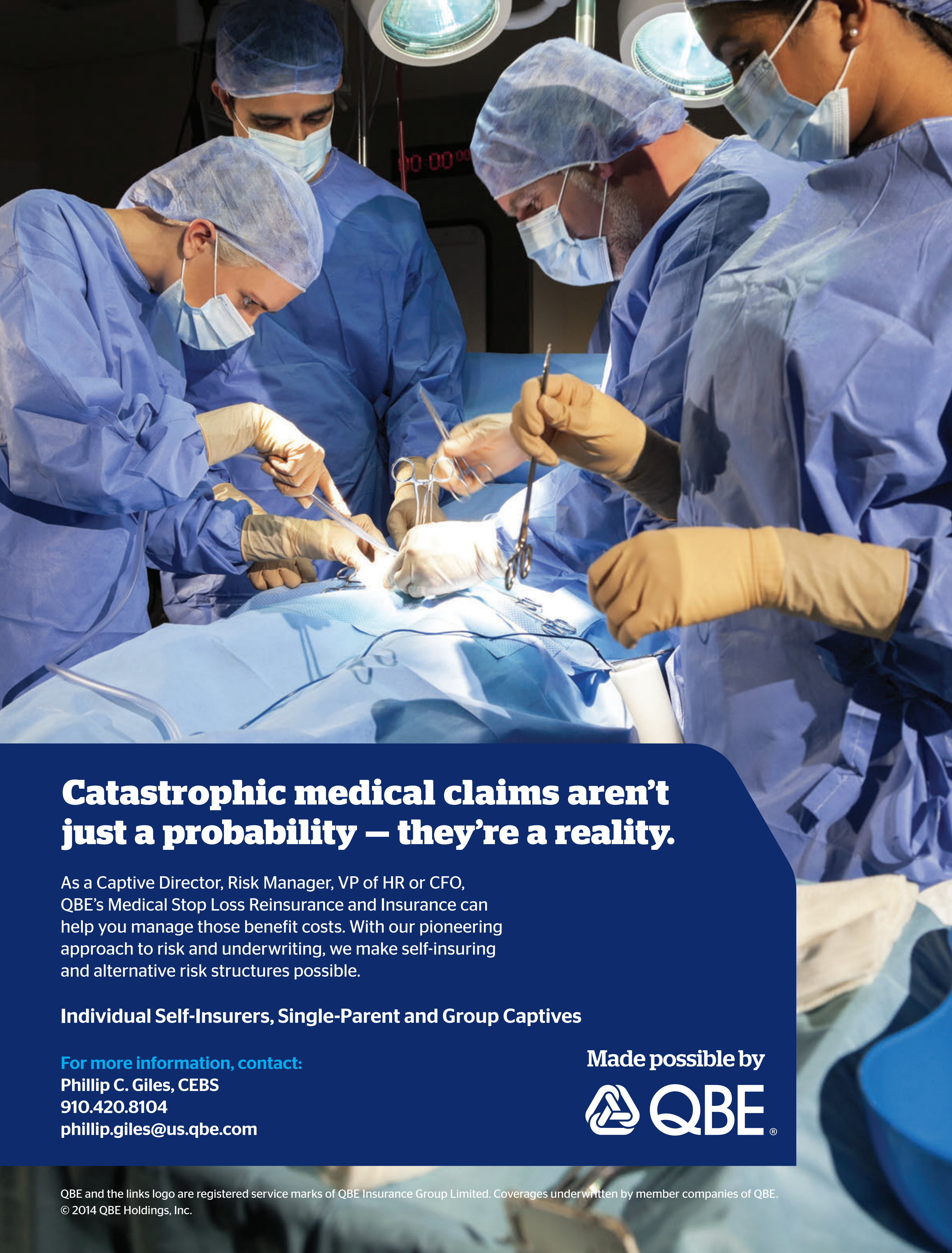
Bison insures select risks for Duke Energy providing a variety of coverage in property/casualty lines of business.

The risk management team of Duke Energy takes a holistic approach to managing its risks and uses the captive as an integral part in this process. Bison's long-term growth opportunities primarily depend on the business success of Duke Energy.

A.M. Best believes Bison is well positioned at its current rating level and the ratings are not expected to be upgraded or its outlook revised in the near term.

The agency has also affirmed the financial strength rating of "A (Excellent)" and the issuer credit rating of "a" of Dorinco Reinsurance Company, which is the captive reinsurance company of The Dow Chemical Company.

The rating affirmations reflect Dorinco's continued strong operating performance, balanced risk profile and strong risk-adjusted capitalisation.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The ratings also consider Dorinco's strategic importance within the Dow organisation and Dorinco's successful mitigation of Dow's worldwide, long-tail and volatile risks through its short-tailed uncorrelated third-party reinsurance business.

Partially offsetting these positive rating factors is Dorinco's limited profile in the reinsurance market, which is a function of its hybrid captive nature.

Another offsetting factor is Dorinco's exposure to Dow's risks, many of which are worldwide and long tail in nature. A.M. Best believes that Dorinco is well positioned at its current rating level.

Elsewhere, A.M. Best has placed under review with negative implications the financial strength rating of "B (Fair)" and the issuer credit rating of "bb" for Preferred Contractors Insurance Company (PCIC) Risk Retention Group, LLC.

These rating actions follow the filing extension to 1 September 2014 of the company's Q2 2014 financial statement granted by the State of Montana, requiring PCIC to obtain an actuarial review of loss and loss adjustment expense reviews, as of 30 June 2014.

The "under review with negative implications" status reflects A.M. Best's concern that the actuarial review could potentially result in additional adverse loss reserve development and, in that event, cause a deterioration in operating performance and risk-adjusted capitalisation.

The ratings will remain under review until the Q2 filing has been made, at which time the ratings will likely be taken out from under review following a review of the company's latest financial position.

A.M. Best continues to monitor the quarterly performance of PCIC. Any material negative deviation from the business plan in terms of management, operating profitability and risk profile, or a decline in its risk-adjusted capitalisation could result in negative rating pressure.

Factors that could lead to positive rating movement are evidence of sustained favourable operating performance and credit metrics that improve risk-adjusted capitalisation over the long term.

Finally, A.M. Best has affirmed the financial strength rating of "A- (Excellent)" and the issuer credit rating of "a-" of Trust's International Insurance & Reinsurance Company, Trust Re.

The ratings reflect Trust Re's good risk-adjusted capitalisation, track record of strong operating performance and developing business profile.

Trust Re's risk-adjusted capitalisation strengthened during 2013, remaining at a good level.

The improvement reflects a capital injection of $40 million and full earnings retention, increasing shareholders' equity to $298 million in 2013.

Additionally, the company's continued drive to de-risk its investment portfolio has reduced capital requirements.

Prospective risk-adjusted capitalisation is expected to remain equal with the current ratings as further de-risking of the investment portfolio and high earnings retention supports underwriting growth.

Trust Re has a track record of strong operating performance with annual pre-tax profits of between $13.1 million and $19.5 million reported over the past five years, equating to an average return on equity of 7.5 percent.

A prudent reserving policy and disciplined risk selection has enabled the company to generate robust technical results, evidenced by a five-year average combined ratio below 95 percent.

Although investment returns remain low yield, they continue to account for a significant proportion of overall earnings.

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Billion dollar business

In the wake of the recent $16 billion transaction, Carey Olsen partner Konrad Friedlaender explains the nuts and bolts of the BTPS Insurance Incorporated Cell Company

STEPHEN DURHAM REPORTS

How and why did Carey Olsen get involved with the establishment of the BT Pension Scheme's captive?

The trustees of the BT Pension Scheme (BTPS), after identifying the opportunity to protect the scheme from the longevity risks inherent in a defined benefit pension scheme, considered various jurisdictions for the establishment of the captive insurer. It chose Guernsey as the most appropriate given its well-developed captive industry, the insurance expertise found on the island and the suitability of the jurisdiction to reinsure into the international reinsurance market.

Carey Olsen has a great deal of experience in establishing captives and reinsurance and we believe this is the reason we were instructed, though it is probably a question that is probably best asked of the trustees.

What did Carey Olsen do to assist the captive?

We provided all the Guernsey legal advice relevant to the project including all aspects relating to the establishment of the captive insurer, its engagement of managers and advisers generally and its licensing and regulatory approval in conjunction with the managers.

We also provided advice to the trustees and the board of the captive on all Guernsey issues relevant to the insurance and reinsurance contracts and the related security arrangements of a very complex transaction. Throughout the transaction we provided opinions on the Guernsey legal issues and coordinated the transactional arrangements through to completion.

How much bigger was this transaction (at $16 billion) than those before it? Is it likely to stay at the top for some time?

There are not many defined benefit schemes of the size of the BTPS and consequently it is unlikely that there will be other transactions of this size and nature that would challenge the size of the BTPS transaction. Transactions of this nature are not generally in the public domain (other than the Aviva Scheme, which has had some publicity with a stated value of around £4 million) so it is difficult to say to what extent it dwarfed other such transactions. However, it can fairly be assumed that it is unlikely that there are any other schemes of this size or complexity in this part of the world at least.

What are the characteristics of a longevity insurance/reinsurance transaction?

The good news that we can all expect to live longer than our parents, and that life expectancy is constantly increasing, has a flip side in that longer lives, without commensurately delayed retirement ages, increases the post-retirement life expectancy and therefore the burden it places on defined benefit pension schemes that provide guaranteed life-long pensions to their members.

This increased risk is made more difficult to plan and prepare for due to the uncertainty inherent in the longevity risk. It not possible to remove that risk entirely but it is possible to create some parameters and a degree of certainty or foreseeability by ceding the risk to insurers and reinsurers.

In effect, the trustees transfer some of the risk to the insurer by the insurer and the reinsurer. Premiums are fixed based on actuarial calculations having regard to data relevant to the scheme. As mortality rates change over time, the insured benefits change so that if mortality increases then insured benefits decrease, and if mortality decreases then insured benefits increase. This creates more certainty and enables the trustees to plan and prepare for the scheme's ability to meet future pension obligations.

What regulatory issues are important to consider during such a transaction?

The regulatory issues were complex and multi-jurisdictional in that the transaction involved regulatory considerations in the UK, where the BTPS is established, Guernsey, where the captive insurer is situated, and the US, where the reinsurer, Prudential, conducts its business.

In Guernsey, some of the regulatory issues to contend with are related to the control of the captive, possible oversight by Prudential, capital resources, solvency margins, reinsurance cover, the matching of cash-flow to and from the captive, policyholder protection, corporate governance and risk assessment, among others.

Do you have any insight into the functions of the BTPS Insurance Incorporated Cell Company?

The principal and overriding function of the cell, which is structured as an incorporated vell vompany, is to insure the longevity risk in respect of 25 percent of the risk to which the scheme is subject. In order to do so it has entered into an insurance agreement with the trustees of the scheme in respect of that risk and it has, in turn, reinsured that risk to Prudential via a reinsurance agreement.

These insurance and reinsurance arrangements are linked into a complex arrangement to establish collateral security and triparty arrangements to protect the respective parties against counterparty risk. BTPS, through its cell, will manage that arrangement on an ongoing basis. CIT

Konrad Friedlaender
Partner
Carey Olsen

RiskMinds Risk & Regulation Forum 2014

Location: Barcelona
Date: 22-25 September 2014
www.riskmindsregulation.com

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SIIA 34th Annual National Educational Conference & Expo

Location: Phoenix
Date: 5-7 October 2014
www.siia.org

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Industry appointments

Western region property and casualty insurer Capital Insurance Group has hired **Arnold Chatterton** as president and CEO.

Chatterton's hire follows the retirement of Peter Cazzolla, who is stepping down from his leadership role after 21 years. He will stay on in an advisory role.

Chatterton has 30 years of experience in property and casualty insurance. He began in frontline and underwriting positions before moving to management and senior office assignments.

"It has always been my hope and ambition to lead a regional insurance organisation like CIG," said Chatterton.

Cazzolla also commented on the hire: "Chatterton brings a wealth of experience, knowledge and outstanding leadership skills to his new role."

"I look forward to building on the solid business reputation that has been established by our people, our partners, and Cazzolla." added Chatterton.

Capital Insurance Group writes more than $400 million in premium and $300 million in policyholder surplus, and has operations in California, Nevada, Arizona, Oregon, Washington, Idaho and New Mexico. It also offers non-admitted and captive alternatives.

Towers Watson has appointed **Eric Speer** as global leader for the company's risk consulting and software business.

He will be based in Towers Watson's Stamford, Connecticut office as of 1 September.

Speer has extensive experience as a strategy and organisation consultant focusing on insurance and financial services clients.

He has held a number of senior positions during his 25 years with Towers Watson, including leadership of the Americas region for risk consulting and software.

More recently, he moved to the human capital consulting side of the business and has managed Towers Watson's east division in the US for the past eight years.

"Speer brings a wealth of experience to his new role, as well as an understanding of insurance industry dynamics.

I'm delighted to have him join our segment's leadership team," said Tricia Guinn, Towers Watson's managing director of risk and financial services.

He replaces Rory O'Brien, who was appointed head of risk consulting and software in 2011 shortly after joining Towers Watson through its acquisition of EMB, where he served as a managing partner.

O'Brien commented: "It has been a privilege to lead Towers Watson's risk consulting and software business."

"I'm really proud of what we have achieved over the past three years but feel I've reached a point in my career where I'm ready to embark on new challenges. I'm delighted to be leaving the business in the capable hands of the leadership team."

The Bermuda Business Development Agency (BDA) has appointed three senior executives: new CEO **Ross Webber** and business development managers (BDMs), **Sean Moran** and **Jereme Ramsay**.

The BDA said: "[Webber] has been involved with the BDA since inception as a member of the board of directors."

"He joined the BDA from the government of Bermuda where he was permanent secretary of the Ministry of Education and Economic Development, following a successful career in Bermuda's international insurance sector in underwriting and business development roles with ACE and AIG."

Webber also served as global head of marketing and business development for Conyers Dill & Pearman.

As BDMs, Moran and Ramsay will encourage investment in Bermuda by providing information and resources to companies that are deciding on their business jurisdiction.

The BDMs will work directly with companies to assist in setting up their Bermuda operations by liaising with the island's government, the Bermuda Monetary Authority and industry professionals.

"Moran and Ramsay will also work closely with existing businesses to support business development initiatives in Bermuda and overseas."

Moran brings more than 15 years of financial services experience, most recently serving as vice president of Citi Hedge Fund Services for Citigroup, New York, since 2011.

Prior to Citi, he held senior roles with Butterfield Fulcrum Group as director of business development and with HSBC Alternative Fund Services as client relationship manager.

Ramsay served as planning and governance manager for HSBC Bank Bermuda and was responsible for strategic planning and marketing governance for both retail and wealth management divisions.

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