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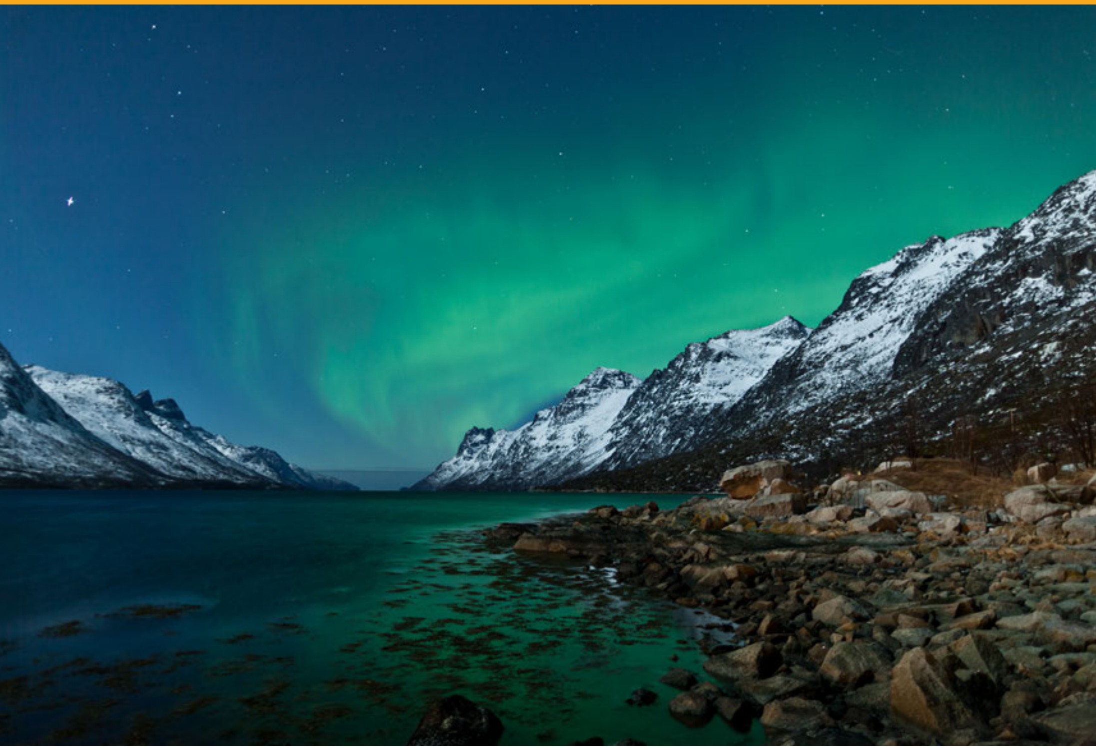

Willis stakes its claim in the Nordics

Willis Group Holdings has received the relevant regulatory approvals from the Swedish Financial Supervisory Authority and has completed its acquisition of a controlling stake of approximately 75 percent in Max Matthiessen.

The newly combined business is now the biggest risk adviser and broker in the Nordic region, and the largest international adviser in Sweden.

"Max Matthiessen is a well-established and widely-respected business serving markets where we see strong growth potential, especially in conjunction with our existing property and casualty businesses within Sweden," said Tim Wright, CEO of Willis International, and leader of the global human capital and benefits practice.

"Max Matthiessen will bring a powerful set of capabilities to the Willis Group globally, as well as benefiting from Willis's global footprint. This is an important acquisition for us and it reflects our commitment to both this exciting sector and to the Nordic region."

Willis Sweden and Max Matthiessen have held a strategic partnership since 2009, and the acquisition means the two will work even more closely together. The Max Matthiessen brand will be retained and will run alongside Willis Sweden.

Max Matthiessen is one of Sweden's leading independent advisers in retirement savings, health plans and personal insurance, with around 420 employees in 23 locations across Sweden.

Christoffer Folkebo, CEO of Max Matthiessen, commented: "We are very happy to now be part of the Willis Group. The combined business will benefit both sides as we can offer our clients a broader product portfolio."

read**more p2**

Capstone puts faith in Delaware

Capstone Associated Services has formed its 150th captive insurance company, which is to be domiciled in Delaware.

Established in 1998, Capstone serves midmarket clients in a variety of industries such as manufacturing, distribution, professional services, medical, oil and gas, other extraction industries, and consulting.

In association with its affiliate law firm, The Feldman Law Firm, clients are offered a "one stop shop for all captive insurance services", according to Capstone CEO and general counsel Stewart Feldman.

read**more p2**

Horseshoe Group targets ILS in Gibraltar

Horseshoe Group is to expand its operations to Gibraltar with the establishment of Horseshoe Management Gibraltar.

The formation of Horseshoe Management Gibraltar follows months of work alongside government officials, representatives of the Financial Services Commission (FSC), local service providers and a hand-picked working group.

The group was made up of insurance-linked securities (ILS) bankers, service providers, investors and sponsors put together by Horseshoe CEO, Andre Perez in conjunction with the Gibraltar's Ministry for Financial Services.

The working group assisted the FSC in finalising ILS guidelines, enabling Gibraltar to be open for ILS business within just four months.

read**more p2**

Willis stakes its claim in the Nordics

Continued from page 1

"Max Matthiessen will operate under the same brand as before but with Willis's international knowledge and experience enabling us to expand even further."

Johan Forsgård, CEO of Willis Sweden, said: "Willis is now the international frontrunner in the Nordic region and in Sweden."

"The strong Willis footprint in the region illustrates the group's commitment to establishing its global strategy in the human capital and benefits sector."

"We will now look forward to bringing the best of both organisations here in Sweden to all of our clients."

Capstone puts faith in Delaware

Continued from page 1

He continued: "While clients can choose whatever services they wish, most midmarket companies aren't interested in hiring a senior executive on staff to coordinate the captive function."

The offered services include legal (tax, corporate, financing and regulatory, tax controversy, and estate and gift services), the audit services of independent certified public accountants, risk managers, actuaries, property and casualty professionals, pooling and third party insurance arrangements and actuaries.

Clients are responsible for the investment and banking relationship with the captive's assets.

Although most services are offered in-house, other services are provided by third parties under Capstone and the captive owner's direction.

Capstone offers property and casualty insurance arrangements with annual premiums ranging from $100,000 to $20 million per year.

Horseshoe targets ILS in Gibraltar

Continued from page 1

Horseshoe Management Gibraltar has stated that it will build on the global expertise of the Horseshoe Group in attracting European sponsors and cedants for ILS structures such as catastrophes bonds, sidecars and collateralised reinsurance transformers.

"The establishment of Horseshoe Management Gibraltar will now give us more flexibility to manage ILS transactions in either European domicile depending on the clients' preference," said Perez.

"My sentiment is that a good percentage of the growth is going to come from Europe. This is why I am quite bullish about Gibraltar's potential for ILS."

Gibraltar's minister for financial services, Albert Isola, commented: "I am delighted to welcome Horseshoe to Gibraltar following its regulatory approval by [the FSC]."

"Perez and his team at Horseshoe have provided us with invaluable technical expertise and market knowledge together with the specialists in the working group that he coordinated and their decision to set up in Gibraltar is especially welcome."

"We are keen to establish Gibraltar as a European ILS jurisdiction and this is an important and significant next step."

The Horseshoe Group is in the process of recruiting staff already based in Gibraltar to support its ILS activities there.

Healthcare Services Group commits to captive

As of fiscal year 2015, Healthcare Services Group will transition its workers compensation and certain employee health and welfare insurance programmes to HCSG Insurance, its wholly owned captive insurance subsidiary.

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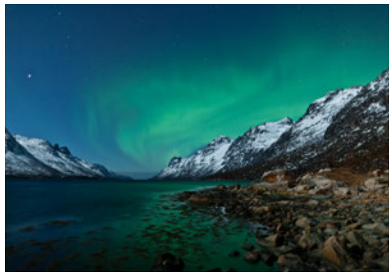

Latest news
BEPS already an issue, says CICA
p4

Latest news
European risk managers still wary of regulations
p6

Latest news
Another acquisition for AJG
p8

Latest news
Analyze Re enters second phase
p9

Regional profile
Captive insurance is gaining popularity in Latin America
p12

People moves
A raft of changes at JLT and Le Poidevin's replacement is revealed
p15

HCSG Insurance currently provides general liability coverage to the group.

The captive was formed in January 2014 to provide Healthcare Services Group with "greater flexibility and cost efficiency" in meeting its property, casualty, health and welfare needs, including health insurance requirements for individual client facilities mandated by Patient Protection and the Affordable Care Act.

In conjunction with the aforementioned insurance programmes being administered and provided by the captive, during Q4 of 2014, the group will commence the reorganisation of its corporate structure through the formation of approximately ten separate legal entities, each consisting of divisional and regional operating units.

In addition to the administrative and operational benefits provided by the captive, the group has stated that it expects the insurance programme enhancements to be accretive to earnings in fiscal year 2015 and thereafter.

Additionally, upon completion of its reorganisation, the group has said it expects to accelerate, for tax purposes, the deductibility of estimated current and future insurance claims.

It commented: "The resulting tax benefit should favourably impact cash and marketable securities by approximately $20 million upon full funding of the captive."

Healthcare Services Group recorded an adjustment in Q3 of 2014 to reflect estimated current and future insurance claims projected to be closed out over the next 15 to 17 years, along with charges related to the corporate reorganisation, self-funded health insurance programme transition and other related expenses.

BEPS already an issue, says CICA

The Organization for Economic Cooperation and Development's (OECD) plan for base erosion and profit shifting (BEPS) is already affecting corporations, according to speakers participating in a Captive Insurance Companies Association (CICA) transfer pricing webinar.

Polling results during the webinar revealed attendees' opinions were in line with tax industry surveys indicating that even though audits are already raising more issues related to BEPS, few companies expected to make any changes in the next two years.

Panelist Ian Kilpatrick, founder and director of Advantage Insurance Holdings and chair of the CICA Transfer Pricing Task Force, reminded the audience not to underestimate the OECD, which has already made a significant impact on the industry in the early 2000s with its efforts to drive increased transparency.

"If you go to an offshore domicile today, it is a very different place than it was 10 years ago and the reason is because of OECD," Kilpatrick explained.

Panelist Joel Chansky, consulting actuary at Milliman, stressed the need to: clearly document why your captive chose its domicile; demonstrate the risk management and substantial business purpose of your captive; know where the rest of the company's business is or is not transacted; and show decisions are made by key personnel who understand all aspects of each corporation's risks.

Kilpatrick stated that companies are likely to see the most impact in the area of decision-making authority.

"We're going to see the OECD forcing issues, particularly regarding substance and realigning the profit to where the people are," Kilpatrick explained.

"It's essential to make certain you can demonstrate that appropriate decisions are being made in the domicile, there are people with the capability of binding the corporation in the domicile, and that the real decisions are not made at the home office," he added.

Panelist Matt Gravelin, senior manager, Johnson Lambert, emphasised establishing a formal documentation process that demonstrates use of industry standards.

He also noted that many foreign captives insuring US risks have considered or should consider the 953(d) election to avoid complexity and costly expense to comply with the Controlled Foreign Corporation rules, which were designed to help prevent some of the same concerns raised by the OECD.

Still hope for reinsurers, says GC

Present conditions in the reinsurance market are not necessarily all “doom and gloom”, according to Nick Frankland, CEO of Europe, Middle East and Africa operations at Guy Carpenter.

This is, in part, due to a wide variety of supply translating into choice for potential customers.

At a recent symposium in Baden-Baden, Frankland said: “We must become experts in, and able to advise our clients on, all that is available, helping to create solutions that exploit this cornucopia.”

He continued to explain the industry must work with the reinsurers and insurers to stimulate demand by filling known insurance gaps and providing solutions for the new breed of risks.

Offering the reinsurer’s perspective, Ulrich Wallin, chairman of the executive board of Hannover Re Group, stated that traditional reinsurance offers far more than just capacity.

Wallin stated: “Our long-term orientated business model provides extensive experience in assessing current and future risks, in managing risks, and in creating tailor-made risk transfer solutions.”

He continued: “We support the development of covers for emerging and future risks, for instance infectious diseases, technological and cyber risks. In addition to the support offered for sensing new business opportunities, we also provide distribution capabilities particularly for life and health products in new markets.”

Providing insight into the changing approach of the reinsurance buyer, CEO of Allianz Re, Amer Ahmed, highlighted the increasing strategic value that reinsurance provided.

“We are seeing a shift towards the use of reinsurance as a strategic tool to manage capital and [earn] volatility from a group perspective, and away from a trading activity at an individual entity or line of business level.”

Brian Duperreault, CEO of Hamilton Insurance Group, considered the impact of the capital markets and addressed the question of whether the reinsurance industry faced an existential threat.

He commented: “I don’t think that the threat faced by the industry is existential. Yes, it is at a critical inflection point, but we have seen a number of inflection points before and it is usually a place where real opportunities lie.”

“At the end of the day we are all risk takers. We place a risk and match it up with the best possible capital. How well we match risk to capital will be driven by how well insurers, reinsurers and brokers adapt to the winds of change.”

European risk managers still wary of regulations

Compliance and regulatory issues topped the list of challenges in managing a multinational insurance programme for the 70 risk managers who attended ACE Group’s multinational risk forum in London.

Panelists representing major European businesses stressed the need for greater investment in enhancing the education and skills of risk management teams, which will allow them to effectively oversee the implementation of multinational risk solutions at a local level.

They also called for better use of data and technology and also greater innovation to help manage non-traditional risks.

Risk managers said that emerging markets as a whole are the most challenging regions from a compliance perspective when implementing a multinational programme, with the Middle East, North Africa and Asia most in focus.

Commenting on these findings, the president of ACE European Group, Andrew Kendrick,

said: “Risk managers are increasingly concerned about their businesses’ rising exposure to emerging markets and the growing complexity of regulation.”

“As an industry we need to get behind our clients and speed the pace of innovation to meet their evolving needs.”

Going forward, risk managers said that, as they implement new multinational insurance programmes, they are most likely to do so for directors and officers liability and on cyber risks.

These were also the two areas where risk managers felt insurers could improve their multinational offering: 40 percent of attendees cited cyber as the top priority for improvement, followed by directors and officers liability (28 percent) and terrorism and political violence (16 percent).

Another acquisition for AJG

Arthur J. Gallagher & Co (AJG) has acquired Bennett & Shade Co in Decatur, Illinois. Terms of the transaction were not disclosed.

Founded in 1906, Bennett & Shade is a retail insurance broker providing commercial property and casualty, employee benefits, risk management consulting and personal lines insurance services to clients in the Midwest.

Jeffrey Shade and his associates will continue to operate in Decatur under the direction of Michael Pesch, head of Gallagher’s Midwest region retail property and casualty brokerage operation.

“Bennett & Shade has a great reputation for its level of expertise, outstanding client service, and middle-market client focus,” said Patrick Gallagher, chairman, president and CEO of AJG.

“Their Decatur footprint and strong carrier relationships will help expand our central Illinois presence.”

“Bennett & Shade will be a terrific addition to our Midwest region, and we are extremely pleased to welcome [Shade] and his team to our growing Gallagher family of professionals.”

Catastrophe losses still low despite hurricanes

Fitch Ratings has stated that it expects a limited amount of industry insured losses from Hurricane Gonzalo and Hurricane Ana, which threatened to produce extensive damage to Bermuda and Hawaii, respectively, but ultimately spared the islands from a significant hit.

While these events will add to insured losses for the year, overall industry catastrophe losses remain below average so far in 2014.

Fitch said that it expects “soft market pricing conditions in property catastrophe reinsurance” to continue at the January 2015 renewals and beyond.

The agency cited “the absence of large losses since 2012, abundant capacity levels and sluggish demand from reinsurance buyers”, as drivers behind the softening reinsurance market, characterised by falling prices and, less visibly, weakening terms and conditions.

This deteriorating reinsurance market environment led Fitch to assign a negative fundamental sector outlook to global reinsurance in January 2014.

Fitch estimated that it would likely take a major industry loss event “nearing $100 billion” to potentially result in a broad hardening of property and property catastrophe market prices.

Hurricane Gonzalo made landfall in Bermuda on 17 October, as a strong Category 2 hurricane. The very large and calm hurricane eye passed directly over the island, reducing the overall wind impact and mitigating the damage.

Bermuda's extensive hurricane preparation and strict enforcement of its building codes, which are designed to withstand sustained wind speeds up to 110 mph and gusts up to 150 mph, helps the island to limit both its economic losses and loss of life compared with other hurricane-prone nations that are less developed.

Separately, Hurricane Ana intensified to become a Category 1 hurricane on 17 October, before passing southwest of the Hawaiian Islands.

Analyze Re enters phase two

Data analytics provider Analyze Re is to launch the second phase of its risk engineering platform that will help global insurance and reinsurance companies to save money and improve profits.

The firm, based in Halifax, Nova Scotia, is also opening an office in London at St Mary Axe to help drive it's ambitions to become a leading global provider of risk engineering technology to the insurance industry.

Its flagship product, Prime 2.0, has been updated, adding more efficiency into its platform that provides strategic planning, pricing and portfolio metrics technology.

"Think of Analyze Re as satellite navigation for your business," said CEO Adrian Bentley.

"We help executives and the underwriting team to collaborate more efficiently to improve returns."

'The dynamic nature of the platform can help teams steer through changing market conditions."

"The Prime 2.0 platform, which is designed for reinsurers, insurers, brokers and insurance-linked securities participants, is designed to help users understand where they can find hidden profitability in their business portfolios.

Oliver Baltzer, chief technology officer at Analyze Re, commented: "All of Prime's features are accessible and easy to use, through modern web-based interfaces that work on desktop and mobile devices alike."

With increasing competition in the reinsurance industry, Analyze Re has claimed that it can help to harvest the potential of 'big data'.

"Often companies struggle to understand how to make the best use of the data they are accumulating," added Bentley.

"Analyze Re technology empowers companies to look deeply into their portfolios and quickly understand what can be done to increase efficiency and profitability."

Advantage continues rebranding

Ashley Cooper Life International Insurer, a subsidiary of Advantage Insurance Holdings, has changed its name to Advantage Life Puerto Rico.

The change is effective immediately and completes the rebranding of Advantage's operating subsidiaries that began in 2013.

Advantage CEO Walter Keenan said: "Projecting a consistent corporate identity across all of Advantage's operating companies helps our clients and their professional insurance advisors understand that they will receive the same high level of service in Puerto Rico as in any of our other locations."

"Advantage Life Puerto Rico is one of our fastest growing companies, and we appreciate the Office of the Commissioner of Insurance's assistance in facilitating our important re-branding effort."

Advantage Life Puerto Rico holds an unrestricted Class 5 Life-Disability licence issued under the domicile's International Insurance Center Law.

Ratings round-up

A.M. Best has affirmed the financial strength rating of "A-" (Excellent) and the issuer credit rating of "a-" of Nissan Global Reinsurance (NGRe). The outlook for both ratings is stable.

The ratings reflect NGRe's strong capitalisation and conservative operating strategy.

A.M. Best also considered NGRe's critical role and favourable profile as part of the Nissan Motor Company, as well as its "excellent operating performance" since its inception in 2005. Partially offsetting these positive rating factors are the significant exposures NGRe has to product liability, property and marine cargo claims.

NGRe operates global property and casualty programmes for Nissan, which include global property, global marine transport, global product and general liability and US workers' compensation.

The captive is also a global platform for extended service contract business.

NGRe operates at "conservative" underwriting leverage levels according to A.M. Best, though it provides coverages with large limits and, as such, its gross exposures per loss occurrence are elevated.

Nevertheless, A.M. Best has stated that it recognises the quality of the substantial financial resources and support available to the captive.

NGRe's ratings are not expected to be upgraded, nor is its outlook expected to be revised within the next 12 to 24 months, as its operating performance and capital position already have been considered in A.M. Best's ratings process.

A.M. Best could downgrade NGRe's ratings and/or revise its outlook if its Best's Capital Adequacy Ratio (BCAR) score declines, operating performance and risk profile deteriorate, its insured losses deplete capital and/or significant changes and turnover occur in its management team, risk management controls and tolerances.

A.M. Best has upgraded the financial strength rating (FSR) to "A" (Excellent) from "A-" (Excellent) and issuer credit rating (ICR) to "a" from "a-" of Americo Financial Life and Annuity Insurance Company (AFL).

The agency has also affirmed the FSR of "B+ (Good)" and the ICR of "bbb-" of AFL's life and health affiliates.

A.M. Best has also upgraded the ICR to "bbb" from "bbb-"of AFL's parent, Americo Life.

The rating upgrades for AFL acknowledge its diversified sources of earnings derived from organic growth within its life insurance and annuity lines of business, and from the acquisition of blocks of business that has resulted in a favourable operating performance in recent periods.

As a result, AFL has reported increasing capital and surplus. A.M. Best notes that AFL made a dividend payment during Q1 2014 to help Americo repay its outstanding debt, which has resulted in a decline in capital and surplus.

Despite the decrease in capitalisation, A.M. Best has stated that "AFL maintains a more than adequate risk-adjusted capital position for its current ratings at this time".

Additionally, Americo no longer maintains any financial leverage now that all of its debt has been repaid.

The rating upgrades also reflect the continued premium growth within AFL's life insurance operations, resulting in better diversification of its reserve liabilities.

Partially offsetting these positive rating factors are the substantial use of reinsurance and potential for spread compression, as the majority of the company's liabilities are interest-rate sensitive and the crediting rates for a significant portion of AFL's annuity business are currently at their guaranteed minimums.

A.M. Best has also noted that life insurance and annuity sales have historically fluctuated, driven by market conditions, low interest rates, a strategic decision to no longer market certain capital intensive insurance products following the financial crisis and "a more recent strategic decision to reduce fixed annuity sales to provide a better balance between life and annuity business".

The life and health affiliates of AFL are: Great Southern Life Insurance Company; Investors Life Insurance Company of North America; National Farmers Union Life Insurance Company; and the Ohio State Life Insurance Company.

Finally, A.M. Best has affirmed the financial strength rating of "A (Excellent)" and the issuer credit rating of "a" of Rembrandt Insurance Company. The outlook for both ratings remains stable.

Rembrandt is a captive of Vitol Holding, a Dutch holding company of a group engaged principally in the trading of petroleum-related products and commodities.

The ratings of Rembrandt reflect the company's strong financial performance and excellent risk-adjusted capitalisation, as well as its importance to the Vitol group as a risk management tool.

A.M. Best has stated that Rembrandt "consistently generates very strong operating results, as demonstrated by an average five-year adjusted return on capital of 17.9 percent".

Its strong financial performance is driven by "excellent" underwriting results, with an average five-year combined ratio of 19.5 percent, and is supported by stable, albeit relatively low, investment income.

The company's risk-adjusted capitalisation remains "excellent" also, underpinned by good internal capital generation and an outward reinsurance programme that is placed with a strong panel of reinsurers.

A marginally offsetting factor is the loan facility provided by Rembrandt to the Vitol group, which represents 70 percent of total investments.

A.M. Best has reassured the company that the investment risk associated with this loan is somewhat mitigated by the loan terms, which allow the loan to be redeemed following a short notice period.

Negative rating actions could follow a prolonged period of weak underwriting results, as well as a significant deterioration in Rembrandt's risk-adjusted capitalisation.

A.M. Best has said it finds Rembrandt to be well positioned at its current rating level.

Flying LatAm

As Latin American companies look to stabilise their bottom lines, the captive solution is emerging as an effective way to manage insurance market volatility

STEPHEN DURHAM REPORTS

With the recent growth of Latin American economies there has been a corresponding rise in interest in alternative risk transfer programmes. As a result, many regional firms are now well-positioned enough financially to consider some form of self-insured retention, in combination with traditional risk transfer options, and are eager to improve their understanding of risk management and the financial benefits of using captives.

Maria Escobar, senior vice president and head of captive solutions for Marsh Latin America, comments: "As companies grow, they are branching out, becoming 'multi-Latinas'. Clients have become aware of the benefits of a captive, including the option to write risks that the insurance market is either not willing or unable to cover (or will cover only with limited conditions)."

These risks could be those that are difficult or too highly rated to cover in the market such as malicious tampering damage or credit risk.

Not only are Latin American companies expanding their operations worldwide, but the risk management culture in the region is also becoming more mature. Many of the industries in Latin America are becoming interested in captives, including manufacturing, financial, mining, energy, utilities, and aviation. Escobar explains: "As long as a company has a risk profile to manage and the opportunity to optimise its risk financing strategy, it can benefit from a captive solution."

Les Boughner of Willis's global captive practice, says: "There tends to be more property risk than casualty being written but that is typical in a non-US captive. As many of them are large natural resource companies, some coverage is designed around raw materials being harvested. For instance, a pulp and paper company is investigating using their captive to reinsure or cap their exposure to forest fires."

Other lines for such a company could also include transportation, bonds, life and product liability.

Some clients are even looking to benchmark their programmes and use of captives against other companies worldwide that are in the same industry, according to Boughner. While competition with global rivals may still be somewhat premature, the simple fact that regional insurers are dreaming beyond Latin America is a testament to their ambitions.

All of the countries of Latin America have different insurance legislation for non-admitted coverage and reinsurance. The local markets can provide limited support but, where allowed, reinsurance is available from international reinsurance companies that are able to provide abundant capacity. As Boughner explains: "In many cases, the sole reason that some companies choose to form a captive is to access this reinsurance market."

Rating agency A.M. Best recently revised its outlook on the global reinsurance industry to negative from stable, but, despite fundamentals in the US and European markets trending the wrong way, capital continues to be drawn in.

More importantly, this recent flurry of capital movement has triggered behavioural changes by the market's traditional players, with more company names appearing for the first time on reinsurance programmes in what the report terms as "unusual locations" such as Latin America.

There are several domiciles specifically targeting Latin America—Barbados, Panama, Puerto Rico, Bermuda and the Cayman Islands—all of which have established captive legislation and are equipped to regulate captives with strong support from local service providers.

Despite this, the consensus remains that it is Bermuda that seems to have the edge in terms of the amount of formations for which it is responsible.

Boughner says: “While there is no single reason for this, it could well be that Bermuda is the largest domicile and has a local reinsurance market that is very comfortable reinsuring captives.”

Escobar agrees: “The main domicile for Latin American captives (single parent) is Bermuda. There are several reasons for this but the most important are the domicile location, regulation, reputation, costs and the tax agreements Bermuda has signed with many Latin American countries.”

Domicile selection depends on many factors that can vary from country to country, especially when it comes to regulations related to ‘black list’ domiciles and the tax information exchange agreements signed with each country and the captive domiciles.

Besides Bermuda, there are also other domiciles used by Latin American captives such as the Cayman Islands, Switzerland, Luxembourg, and even Singapore.

“One of the biggest challenges in Latin America is to front a captive, the reason being: if the captive is not rated and registered in the country where the policy has to be issued, you need to have a double fronting (local carrier plus a reinsurer registered in the country) to place the risk into the captive. This is an extra-cost that has to be considered in the analysis and in some cases is a deal breaker,” says Escobar.

Although the global insurance companies have a presence in Latin America, limited options remain to front captives.

This is dependent on the internal policies of each individual company and, in some cases, the local or global relationship with the specific client.

Local regulations in countries such as Brazil, Argentina or Ecuador, for example, are more restrictive in terms of allowing the local insurance market to place local risks in the international market. The penalties in certain countries range from fines to prison time.

Boughner adivses to “view your captive as a dynamic financial tool that plays a vital role in your risk management strategy”.

“It is much more than an insurance company. It is also integral to review that strategy annually.”

Some companies, however, have not let the varied regulations and potentially stringent restrictions put them off. On 4 July, Switzerland-based insurer ACE announced the purchase of the large corporate property and casualty insurance business of Brazilian insurer Itaú Seguros for almost $700 million.

This was not an unsubstantial purchase as, in 2013, Itaú Seguros’s commercial business generated approximately $1 billion in premiums.

ACE also implied that, once the appropriate Ts have been crossed and the Is dotted, Latin America will represent approximately 14 percent of its total premiums—compared with around 8 percent of total premiums in 2013—making ACE one of the major players in the region.

Escobar says: “In the years ahead, the adoption of captives as an alternative to traditional insurance market solutions will likely increase, and the strategies used by those captives will likely become more sophisticated. Many Latin American companies should consider the role captives could play in their risk management programmes.”

“The main challenge for managers and shareholders is to fully understand the concept of a captive and the benefits they provide. I would advise a parent looking for a captive to understand all the benefits and look at the captive as a medium- to long-term strategy linked with the risk management objectives of the company.” CIT


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Industry appointments

Neill Cotton has joined JLT Re in London as head of the facilities division.

The previous head of department, **Mike Pummell**, will now take on the role of chairman of the executive committee.

Keith Harrison, CEO of the UK and Europe for JLT Re, said: "[Cotton] brings a wealth of industry experience to our growing facilities capability and we are committed to investing in this business for future growth."

"[Cotton's] drive, determination and ability to build relationships are a perfect fit for the collaborative and positive culture at JLT Re."

Most recently, Cotton was commercial director at CFC and previous to that he established Oxford Insurance Brokers in 2001 where he was managing director and CEO.

Cotton commented: "I am delighted to be joining JLT Re. With the commitment JLT Re has made to invest and build on the opportunities they are seeing in the market I am excited to be joining the team and look forward to contributing to the ongoing success."

JLT Specialty's financial lines group has appointed **Sarah Stephens** as head of cyber, technology and media errors and omissions.

Stephens will start this newly created role in January 2015, and will be responsible for developing the practice.

Subject to the fulfillment of her contractual obligations, Stephens will join from Aon where she was head of cyber and commercial errors and omissions for the Europe, Middle East and Africa region.

Prior to this role, she spent seven years with Aon's US cyber and errors and omissions practice group.

Stephens has extensive experience working with clients to identify, analyse and drive awareness of cyber and technology risks and exposures.

Mark Wood, head of JLT specialty's financial lines group, commented: "We are strongly committed to this exciting and developing area of insurance."

Cyber and related risks is a key area of development for JLT Specialty, both in the US and the UK.

Guernsey Finance is to appoint **Dominic Wheatley** as chief executive with effect from 1 December 2014. Wheatley will replace Fiona Le Poidevin, whose resignation was announced in July.

Wheatley has more than 25 years of experience in the international financial services market in the UK and Guernsey, most recently as managing director of Willis Management and chief marketing officer of Willis' international insurance management businesses.

He also served as chairman of the Guernsey International Business Association (GIBA), the representative body of the financial services industry in Guernsey, from 2011 to 2013, a position which saw him serve ex officio as a director of Guernsey Finance.

Prior to becoming GIBA cxhairman, he was chairman of the Guernsey International Insurance Association GIIA from 2009 to 2011.

Jim Gilligan, the chairman of Guernsey Finance, said: "Wheatley has a wealth of knowledge and expertise within the financial services industry both locally and internationally and a strong record of international marketing."

He continued: "The board wishes to place on record our sincere thanks for, and appreciation of, the tremendous job Le Poidevin has done for Guernsey Finance during her tenure as chief executive." CIT

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