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BMA has plans for captives in 2015

The Bermuda Monetary Authority (BMA) will press ahead this year with plans to streamline the reporting process for the domicile's captive insurers.

Its recently released business plan for 2015 outlined the proposal, which was put on hold at the end of last year so it could make revisions to its electronic filing platform and models.

The BMA will introduce the necessary legislative amendments that will implement enhanced financial returns for general business Class 1, 2 and 3 captives, as well as Class A and B captive life insurers.

"Enhanced returns will furnish the authority with a more robust statistical dataset about this important segment of Bermuda's insurance market," according to the BMA's business plan.

The work is being carried out as part of wider reforms to make Bermuda equivalent with Solvency II.

In 2015, the BMA will work with industry to refine the risk sensitivity of the Bermuda Solvency Capital Requirement (BSCR). Specific changes will include currency risk, concentration risk, the risk charge on cash and cash equivalents, and adjustments for based on geography diversification.

A trial run on the proposed BSCR changes will take place in Q2 2015, with final effect to take place at the end of 2016.

read**more p2**

SMEs to drive US captive growth

Strong demand from small and medium-sized companies will continue drive expansion of the US captive market in 2015, according to Marsh's latest US Insurance Market Report.

Legislation in additional states has made it easier for companies to form captives, while new organisations are enquiring about the benefits of a captive arrangement, said Marsh.

US domiciles Utah and Delaware have benefited from this demand in particular, according to Marsh's report.

Utah is the leading domicile for small captives, with 342, followed by Delaware, which has grown in the small and large area with special purpose vehicles, for a total of 298 captives, including cell facilities.

read**more p2**

Cayman incorporates first PIC

AARIS Insurance Company has established the Cayman Islands's first portfolio insurance company (PIC), following the introduction of new legislation on 16 January.

AGG 1 PIC will allow a portfolio of agriculture business clients to participate as a group in a risk transfer mechanism for their workers' compensation coverages.

AARIS, established by California-based Ascension Insurance Services, was assisted by Willis Management, Cayman law firm Solomon Harris, and US law firm McDermott Will & Emery.

"We're thrilled to have the honour of being the first to establish a Cayman PIC through AARIS," said Joe Tatum, president and CEO of Ascension.

read**more p2**

BMA has plans for captives in 2015

Continued from page 1

The BMA also plans to consult with industry about holding companies that own or control insurance licence holders, and proposals for enhanced reporting around insurers' use of segregated account companies.

The authority will also review its supervisory tools and mechanisms to ensure it continues to provide appropriate regulation of Bermuda's special purpose insurers.

Speakingat an executive briefing in Hamilton, BMA CEO Jeremy Cox commented: "In 2015, the authority will remain committed to the wider jurisdictional effort to increase understanding about Bermuda's vital role in the global financial services industry."

"Believe me, in the current global environment, this has never been a more important exercise."

"A quality supervisory environment lies at the heart of Bermuda's unique value proposition. In 2015, the authority will continue to foster stability and predictability within Bermuda's vital financial services sector, while keeping supervisory costs at a reasonable level."

Sixteen new captives and 28 special purpose insurers were registered in Bermuda during 2014, while 22 captive and commercial insurers are awaiting formal sign off in Q1 2015, according to statistics issued in February.

SMEs to drive US captive growth

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Oregon, Ohio, North Carolina, and Texas have also implemented captive legislation in the last two years. "As more states enact legislation, competition to attract captives will grow, allowing new owners to select a state that best serves their needs and giving bargaining power to existing captive owners," explained the report.

"The US has more than 35 states with captive legislation, a clear sign that the number of captives in the US is likely to increase."

The report added that captive owners should be vigilant about evolving regulations in foreign and domestic domiciles, with the US Internal Revenue Service and international insurance supervisors challenging some arrangements last year.

Cayman incorporates first PIC

Continued from page 1

"The formation of AARIS creates unique and unprecedented opportunities for us as an insurance brokerage to provide even greater service through alternative risk management solutions, to both our existing and new clients."

"As we continue our expansion, PICs are a ground-breaking offering that will be an immense value-add, not just to our agri-business partners, but to all the clients across multiple industries we do business with, now, and into the future."

Stephen Gray, managing director of Willis Management in Cayman, commented: "We have always been a strong supporter of PICs and are delighted to have been involved in forming the very first one. A PIC provides the ideal solution for Ascension's business objectives."

Risk Data Analytics releases new tool

Risk Data Analytics is to release a new financial risk tolerance tool that contains a growing repository of publicly available financial insurance focused information of corporates listed on major global stock exchanges.

The tool estimates the amount and impact an unbudgeted risk event has on key analyst ratios and estimates an industry-specific three-year weighted average insurable risk retention amount.

It also includes scenario testing, effective corporate and premium tax impacts, volatility work back, subsidiary analysis and forward-looking budget functionality.

Risk Data Analytics co-founder Stuart King said: "The amount of risk a firm can withstand before negatively impacting its financial wellbeing is key to understanding the optimal insurable risk transfer point."

"Doing so positively benefits both corporates and insurers, many of whom dollar swap risk, eroding capital on both sides of the value chain."

According to King, this is the first in a planned series of web-based insurable risk retention decision-making tools.

Future ambitions include working with industry partners to connect corporate risk based data (via brokers and captive insurers) to insurance markets or directly to alternative insurance-based capital providers.

Martin Horecky, also a co-founder of the firm, said: "We believe in providing simple effective tools to address complex and challenging topics."

"Very often a back to basics approach is the most impactful innovation. Structured data is key to success."

2014 insured losses hit five-year low, says GC

Insured losses in 2014 were at the lowest level seen since 2009, according to a report from Guy Carpenter & Company.

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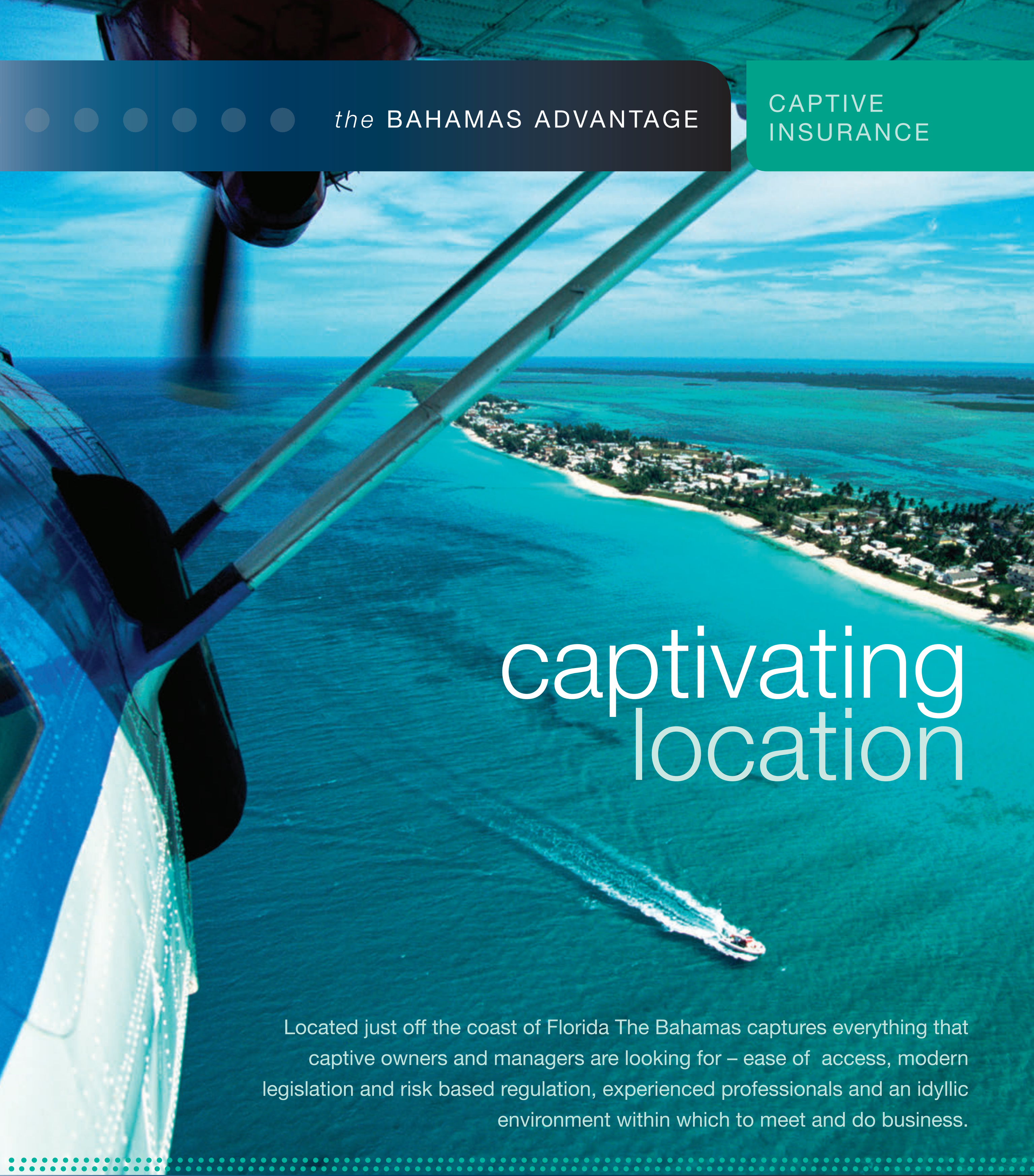

the BAHAMAS ADVANTAGE
CAPTIVE INSURANCE
captivating location
Located just off the coast of Florida The Bahamas captures everything that captive owners and managers are looking for – ease of access, modern legislation and risk based regulation, experienced professionals and an idyllic environment within which to meet and do business.

The report showed that significant insured losses in 2014 totalled approximately $33 billion, a dramatic drop when compared to the historic insured losses seen in 2011, which totalled approximately $126 billion.

“Although insured losses for 2014 were among the lowest recorded in years, we still observed powerful impacts and significant losses from both natural and man-made catastrophes,” said James Waller, research meteorologist at Guy Carpenter Analytics.

“Notable insured losses from around the globe included the 2014 February snowstorms in Japan, hail and windstorms in Europe, severe flooding in the UK and a cold, stormy winter in the eastern half of North America.”

In total, insured losses in Europe, Africa, and the Middle East accounted for about 21 percent of global insured losses in 2014.

Among the most notable events included the hail and windstorm Ela, which affected areas including Germany, France, Belgium and Austria, and generated damaging wind gusts and hail in excess of 2.8 inches. Insured losses from this severe storm totalled around $2.8 billion.

Asia and Australasia endured both natural and man-made catastrophes in 2014, accounting for 23 percent of estimated global insured losses in 2014.

The most costly event affecting Asia was two significant snowstorms that hit Japan early in the year. The snowstorms accounted for $3.1 billion in insured losses, disrupted operations for a large number of businesses, and caused hundreds of thousands of power outages, as well as a number of fatalities and injuries.

The Americas comprised 57 percent of global losses in 2014, as compared to 48 percent in 2013. Arctic winter weather, hurricanes, earthquakes and convective outbreaks contributed to these insured losses.

In the US and Canada, the frigid winter caused $2.3 billion in insured losses alone. Although the winter was not unprecedented, it is considered one of the coldest winters in the past 30 years across many states throughout the US.

The most impactful hurricane of the season, Odile, struck the Baja Peninsula of Mexico and caused an estimated $1.6 billion in insured losses.

“Though the eye of Hurricane Gonzalo passed directly over Bermuda, exceptional damage was offset in part due to the area’s resilient building codes,” said Waller.

“Although 2014 was a relatively quiet year for catastrophes, events such as Odile and Gonzalo reaffirm the importance of continued education and the implementation of innovative risk management strategies.”

Silverfinch to aid in Solvency II compliance

Silverfinch has been appointed by Franklin Templeton Investments to handle the “huge quantity” of look-through data requests the firm has said it expects to receive from its insurer clients as a result of Solvency II.

Silverfinch is a secure fund data utility that allows asset managers to respond to their insurance company investors, who will be compelled to provide regulators with detailed information on invested assets from 1 January 2016, when Solvency II takes effect.

John Dowdall, managing director of Silverfinch, said: “The ticking of the Solvency II clock is growing ever louder.”

“What’s concerning is the number of those in the asset management industry still unsure as to how they will deal with the hundreds, potentially thousands, of requests for very granular look-through data from their insurer clients.”

“Unless asset managers can provide the necessary information, in the right format and within regulatory deadlines, these insurers will be in great difficulty.”

Ingosstrakh insures NSD’s risks for $65 million

National Settlement Depository (NSD), Russia’s central securities depository, and Ingosstrakh OJSIC, one of the country’s leading insurers, have concluded a one-year agreement for complex insurance.

The policy liability limit was fixed at $65 million for all claims for the duration of the policy. Given the scale of insurance cover, the main reinsurers behind the policy include Lloyd’s syndicates.

The policy covers NSD’s operations within the framework of the company’s licences for professional securities market participants, including clearing and depository operations along with the banking licence.

The insurance policy covers damage inflicted upon the policyholder and third parties (including but not limited to NSD’s clients) as a result of wilful activity by third parties, as well as a result of unintentional mistakes and errors made by the policyholder’s employees and executives while carrying out their professional duties.

In addition to this, the insurance policy covers damage inflicted by the company as a result of electronic and computer crimes, technical errors, computer or telecoms failures led to the partial or full loss of information related to the clients’ accounts.

Willis enters Indian market

Willis Group has agreed to purchase a 49 percent stake in Almondz Insurance Brokers.

Almondz is a leading Indian insurance broker with nearly 300 associates in nine offices in India serving clients with a broad range of products and services across diversified industries and segments.

The deal is subject to regulatory approval and the terms of the agreement were not disclosed.

Almondz has a wholly owned subsidiary that is engaged in reinsurance broking services, which will allow Willis to offer insurance and reinsurance services in the Indian market.

The venture was initiated following recent legislative changes in India that increased the foreign direct investment cap in the insurance sector from 26 percent to 49 percent.

Adam Garrard, regional CEO of Willis Asia, said: “We are delighted to partner with Almondz, with whom we have a solid relationship based on mutual trust and respect.”

“We are excited about the prospect of continued growth and development in the Indian insurance sector.”

“This joint venture will allow us to fully participate in this dynamic market, whilst enabling us to provide our global clients with the levels of service and expertise that they expect from Willis’s operations around the world.”

Rohit Jain, managing director of Almondz, added: “It is a credit to all my fellow associates that such a world-renowned broker has decided to form this partnership with Almondz.”

“I am confident that the combination of our Indian experience and footprint, coupled with Willis’s deep risk and insurance expertise and global reach, will reap great benefits for our clients, our staff and the insurance sector in India.”

Swiss Re licensed in South Africa

Swiss Re Corporate Solutions Advisors has been licensed by the South African Financial Services Board to operate in the country as a financial services provider (FSP).

Under its FSP licence, Swiss Re Corporate Solutions will originate, advise on and bind direct commercial insurance business in South Africa through an intermediary agreement with Guardrisk Insurance Company.

Guardrisk Insurance is a South African-licenced non-life insurer, known in the local market for its reputation and solid financial standing with a Fitch rating of “AA+”.

Swiss Re Corporate Solutions expects to begin operations during Q2 2015 from an office in Johannesburg.

The company will provide commercial insurance services to mid- and large-sized corporate clients, focusing on property, mining and engineering risks, as well as customised solutions for the agriculture and energy sectors.

Tony Buckle, Swiss Re Corporate Solutions’s head of Europe, the Middle East and Africa, said: “South Africa is a key high growth market for us, based on the scale and sophistication of its commercial insurance sector.”

“The Johannesburg office will be our first local representation, in Africa, and it will be a cornerstone of our strategy to provide locally relevant solutions to clients.”

Herman Schoeman, managing director of Guardrisk Insurance added: “We are excited about the relationship with Swiss Re Corporate Solutions and the opportunity to collaborate on delivering customised solutions for clients in South Africa.”

Delaware maintains strong captive programme

Delaware’s captive insurance bureau licensed 87 captive insurers and 141 series business units in 2014, according to the state’s insurance commissioner, Karen Weldin Stewart.

Since its inception, Delaware’s captive programme has licensed 385 captive insurers, 753 series business units, and 13 cells.

The programme currently has 333 active captive insurers, 688 active series business units, and 12 active cells.

“I am very pleased that the captive programme continues to grow. This programme provides economic opportunities for my constituents


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But not on your own.

and much needed revenue for the state," commented Stewart.

"I am gratified by our continued success and I look forward to expanding our programme even more in 2015."

Delaware is currently the third largest US domicile and the sixth largest globally for captive insurers, according the state's department of insurance.

A.M. Best weighs in on AG 48

A.M. Best has released a new report exploring the impact of a new captive reserve financing framework for certain products subject to XXX and AXXX reserve requirements.

Actuarial Guideline XLVIII (AG 48), which was adopted by the National Association of Insurance Commissioners (NAIC) in December 2014, defines the rules for new life XXX and AXXX reserve financing transactions executed after 1 January 2015.

The report has stated that this new framework is essentially a 'stopgap' measure intended to regulate captive financing structures until the implementation of a principles-based reserving (PBR) framework, which could significantly diminish the need for XXX and AXXX captive financing structures for new business issued after the implementation date.

The NAIC's XXX and AXXX reserves financing framework includes a sunset provision tied to the implementation of PBR.

RRGs remain strong despite drop in numbers

A decrease in the number of risk retention groups (RRGs) in 2014 has not affected the financial strength of the segment, according to financial analysis firm Demotech.

Despite reports of 19 RRG retirements in 2014, dropping the total number to 238, Demotech's analysis of reported financial information showed that policyholders' surplus increased 72.5 percent, or more than $2 billion, while liabilities increased about 60 percent over a five-year period.

"These results, and a liquidity ratio of 65.7 percent during [Q3 2014], indicate that RRGs are adequately capitalised and able to remain solvent if faced with adverse economic conditions or increased losses," said Douglas Powell, senior financial analyst for Demotech.

JLT Towner Insurance Management partner Len Crouse commented: "While some RRGs dissolved to take advantage of very low commercial rates, those that remain understand all of the benefits of alternative risk financing, not just price."

"These financial stability results prove that, as a group, risk retention groups are well run."

Ian Kilpatrick to receive CICA award

Ian Kilpatrick has been named the recipient of the Captive Insurance Companies Association (CICA) 2015 Distinguished Service Award.

The award recognises individuals or organisations that have made significant contributions to advancing the captive insurance industry.

Three Rivers Insurance Company has also been selected as the CICA 2015 Outstanding Captive Award winner.

This award recognises a successful captive insurance company that has shown creative uses for a captive, prevailed in difficult times, and has gained a positive reputation.

Kilpatrick and Three Rivers will receive their awards at the CICA International Conference in Orlando this week.

Gibraltar embraced captive insurance in the 1980's and in 2001 became the first EU jurisdiction to offer Protected Cell Company (PCC) legislation – widely used within insurance company structures writing both general and life insurance business.

In 2012, captive insurers achieved total gross premium income of nearly £800m. Three are PCCs managing over 30 cell companiwes. One insurance manager has created 50 cells with its PCC being the largest in the EU providing solutions for cell captives and fronting cells.

Gibraltar's vibrant insurance sector has almost 60 insurance companies currently writing new business and in 2012 wrote over £3.8bn of gross premium income – with Gibraltar motor insurers accounting for 16% of the UK market.

Gibraltar offers bespoke insurance solutions for companies not currently domiciled with the European Union.

For more information visit the Gibraltar Finance website::
gibraltarfinance.gi

GIBRALTAR FINANCE
HM Government of Gibraltar

Within the European Union Single Market

Ratings round-up

Isosceles, ASSA Compañía de Seguros and more under the spotlight

A.M. Best has affirmed the financial strength rating (FSR) of “B++ (Good)” and the issuer credit rating (ICR) of “bbb+” of **Isosceles**.

The agency stated that the ratings recognise Isosceles’s adequate capitalisation, as well as strict risk and exposure controls in the form of security and indemnification clauses of several agreements between various key parties.

“These agreements significantly isolate Isosceles from liability and insulate each cell from each other and from the general account.”

The ratings further acknowledge the financial and operating strengths of Isosceles’s parent, Jardine Lloyd Thompson (JLT) Group.

The ratings also consider the financial wherewithal of each individual, as well as the consolidated accounts, Best’s Capital Adequacy Ratio (BCAR), and the underlying risks that each cell insures. Additionally, the ratings recognise Isosceles’s ultimate third-party reinsurance participation, which is composed of highly rated global reinsurers.

Formed in 1997, Isosceles is a Bermuda-licensed insurance company holding a Class 3 insurance licence that permits it to issue policies of insurance to related and unrelated parties.

Factors that could influence the ratings of Isosceles include changes in the financial ability of each individual client, its BCAR score and the overall risk profile of each individual cell, including commercial reinsurers’ ratings and the financial wherewithal of JLT and Isosceles.

ASSA Compañía de Seguros of Panama has had its FSR and ICR of “A (Excellent)” and “a” affirmed by A.M. Best.

The agency has also affirmed the FSR of “A- (Excellent)” and the ICRs of “a-” of Lion **Reinsurance Company** of Bermuda and **Reaseguradora America SPC** (RAM Re) of the Cayman Islands.

All of the companies are ultimately owned by Grupo ASSA, a financial services holding company publicly traded in Panama.

The ratings reflect ASSA’s “excellent operating results, strong capitalisation and a defined business profile”.

ASSA maintains a diversified book of business that includes both property and casualty, and life and health products.

In conjunction with the captive affiliates, Lion Re and RAM Re, ASSA and the Grupo ASSA are able to maintain financial flexibility for their operations and strengthen relations with key clients, according to A.M. Best.

The performance of Lion Re has continued to improve during the past two years showing adequate combined ratios, increased positive bottom line results, and good prospects for growth, which are linked to the underwriting performance of its affiliates.

A.M. Best expects Lion Re to maintain its good capital position and improve its operating performance as the business it takes on becomes of “better quality”.

According to the agency, ASSA, Lion Re and RAM Re have demonstrated a solid business strategy, adequate operating performance and strong capitalisation levels.

The ratings do, however, take into account limiting factors such as ASSA’s risk concentration in a geographically limited insurance market, along with operating in a country that A.M. Best considers to have an elevated level of country risk, implementation risk for RAM Re’s strategy, maintenance of current trend in operating performance of Lion Re, and competition within Panama’s market.

Negative rating triggers could include a significant decline in the company’s risk-based capitalisation, sustained adverse operating performance, or a downgrade in Panama’s country risk tier.

Drivers that could lead to an upgrade for Lion Re and RAM Re are stable underwriting performances, as well as reduced overall net exposure over the next few years and successful implementation of their business plans.

Factors that could lead to a downgrading of the ratings and/or a negative outlook are a material loss of capital from either claims or investments, a reduced level of capital that does not support their ratings or an increase in net retention.

A.M. Best has upheld the FSR of “A- (Excellent)” and the ICR of “a-” of **Gateway Rivers Insurance Company** of Dallas, Texas. The ratings reflect Gateway’s strong capitalisation and conservative operating strategy.

The ratings also consider the company's critical role and favourable profile as part of AT&T.

They also consider its "excellent" operating performance during the past five years, providing insurance coverage to subsidiaries of AT&T for certain property and casualty risks.

Partially offsetting these positive rating factors are Gateway's "relatively large" limits to its property lines of business.

Nevertheless, A.M. Best has said that it recognises the substantial financial resources of the AT&T organisation.

Gateway's ratings are not expected to be upgraded and/or its outlook revised within the next 12 to 24 months as its operating performance and capital position have already been considered in the rating process.

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

Gateway was established in April last year following the implementation of Texas's captive insurance laws.

Bermuda's **NEWGT Reinsurance Company** has received affirmation of its FSR and ICR, at "A- (Excellent)" and "a-", respectively.

The ratings reflect NEWGT's "robust" risk-adjusted capitalisation and its profitable operating performance.

Also, A.M. Best has recognised the support from its Japanese parent, ITOCHU Corporation.

NEWGT is a single parent captive of ITOCHU, a major trading company in Japan that engages in a wide range of global businesses.

The captive's risk-adjusted capitalisation remains robust due to the profitable underwriting results from its major line of ITOCHU-related marine and cargo line and its conservative investment portfolio.

NEWGT has reported profitable operating performance over the past five years, mainly driven by marine cargo business, which is diversified globally due to ITOCHU's broad range of trading activities.

Additionally, the ratings recognise NEWGT's strategic importance to ITOCHU, which has provided a wide range of support to NEWGT's operation and capitalisation.

A.M. Best stated: "Partially offsetting these positive rating factors is NEWGT's expansion into third party business, which could lead to volatility in operating results.

"This expansion includes the Lloyd's market, which accounts for a significant proportion of its total net premium income."

While no positive movement in the ratings is considered in the short term, a negative rating action could occur if there is a sharp decline in NEWGT's risk-adjusted capitalisation caused by deterioration in its operating performance.

According to A.M. Best, material deterioration in ITOCHU's credit profile could also negatively impact NEWGT's ratings in the future.

Heddington Insurance has requested to no longer participate in A.M. Best's interactive rating process, despite the agency affirming its FSR of "A (Excellent)" and the ICR of "a+".

The ratings reflect what A.M. Best has called Heddington's "superior capitalisation", consistently positive operating results and the role it plays as a captive of Chevron, which did not respond to a request for comment on the decision to withdraw from the ratings process.

Recieved a rating? Let us know.
Contact:
stephendurham@captiveinsurancetimes.com

Under the radar

Gibraltar is at the forefront of the new wave of Solvency II-compliant, carefully regulated, well-capitalised jurisdictions

STEPHEN DURHAM REPORTS

With one domicile after another embarking on fresh campaigns to aggressively market themselves as the up-and-coming captive jurisdiction, it is quite refreshing to come across one with an altogether more serene approach to attracting potential captive owners and managers.

Although it takes a great deal of pride in its insurance industry as a whole, Gibraltar is specifically in a good place at the moment in terms of its regulations, with measures relating to all forthcoming EU directives seemingly under control. In particular, Gibraltar is largely on course for Solvency II compliance by the January 2016 deadline, and the domicile's Financial Services Commission (FSC) has already released its strategic plan up to 2017.

Perhaps unlike some of the other captive domiciles, the Gibraltar insurance scene differs in that the majority of the local undertakings are commercial insurers (for example, in the motor field, which is very strong), rather than captives.

Joe Perdoni, head of prudential at the FSC, says: "We are focused on making sure that well-managed, well-capitalised entities are setting up in our jurisdiction. Our key priorities are protecting the policyholder and protecting Gibraltar's reputation as a finance centre.

We will also be a Solvency II-compliant jurisdiction, which may be more attractive to firms when compared to other jurisdictions. This may make it easier for firms based in the EU to select Gibraltar."

Although there are several options open to firms in the event that they do decide to set up entities in the domicile, it is Gibraltar's protected cell company (PCC) legislation that has proved the most popular. Alain Dufraisse, director at Aon Insurance Managers in Gibraltar, explains: "Gibraltar was the first EU domicile to introduce PCC legislation back in 2001, and Aon took this opportunity to set up White Rock Insurance (Gibraltar) PCC, the first ever (and largest, with over 50 cells established since 2002) EU-based PCC."

Other promoters have followed either by forming new PCCs or by converting their existing undertakings into PCCs. This means that the Gibraltar captive offering is not limited to standalone companies, but extends to protected cells, for the benefit of corporates interested in self-insurance solutions."

According to Dufraisse, there has been a shift in recent years in the origin of promoters. In other words, where Gibraltar has historically been a 'UK-centric' domicile in terms of its clientele, it is now attracting more and more business from mainland Europe.

He says: "The fact that our medium-size office employs six different European nationalities to service our international client base, clearly demonstrates this shift."

For those who choose Gibraltar as a domicile for their insurance vehicle, the island also has a different approach to the way it goes about authorising newcomers.

Perdoni explains: "When going through the authorisation process, the answer can be a 'yes' or it can be a 'no', but the response will not be a long drawn out one in either circumstance. It is also very easy to arrange meetings with us." It is this approachability and accessibility that may also differentiate Gibraltar from some of the other, larger captive domiciles.

The FSC, along with Gibraltar's government, has also initiated plans to further streamline the regulatory procedure by rationalising more than 80 different pieces of current legislation and multiple FSC guidance notes into one act and a single accompanying regulatory handbook.

The joint initiative, dubbed the legislative reform programme, has been undertaken to deliver a more user-friendly framework for the range of financial and professional services in Gibraltar.

Within the proposal paper, the FSC said that the reforms will affect insurance companies, including insurance-linked securities (ILS) and reinsurance companies, insurance intermediaries, and insurance managers. The handbook will provide guidelines on conduct specific to insurance mediation, giving investment advice, acting as an insolvency practitioner, and acting as an auditor.

Perdoni adds: "The existing legislation has been developed on a piecemeal basis in response to market, European and international initiatives over the years, and this has resulted in a significant amount of primary and secondary legislation."

"What we are trying to do with the legislative reform programme, in partnership with the government, is consolidate all of that legislation into something that is easier to understand and more navigable for practitioners. We hope that it will help facilitate innovation and speed-to-market, both now and in the future."

This style of robust yet user-friendly regulation has allowed Gibraltar to branch out into new areas, such as ILS. Guidelines for ILS in Gibraltar were published in September 2014 and immediately generated interest.

Gibraltar is well positioned to manage ILS transactions given that key stakeholders including management companies such as Aon Insurance Managers, the 'Big Four' accountancy firms, and local lawyers are well versed in of these transactions.

Dufraisse comments: "Gibraltar has worked hard since early 2014 to create the right conditions for it to develop into a top ILS domicile.

It established, in partnership with some of the major ILS businesses from around the world, a working group, in which I had the privilege to participate, that provided industry expertise and feedback to Gibraltar's FSC as it was preparing its ILS guidelines."

Another achievement from Gibraltar's busy 2014 was the Global Forum of the Organisation for Economic Co-operation and Development (OECD) granting Gibraltar's government a "largely compliant" rating for its level of transparency and exchange of information for tax purposes.

The classification recognises what the OECD has termed Gibraltar's "solid track record in international tax cooperation and compliance", placing it on par with leading global economies including the UK and Germany, and giving international businesses added incentive to operate in the jurisdiction.

The forum's second phase peer review report on Gibraltar examined 10 essential elements of the jurisdiction's record in exchange of information, rating it "largely compliant" in three areas and "compliant" in the remaining seven. More importantly, no elements were found to be "non-compliant", highlighting the strength of Gibraltar's approach to corporate tax transparency, and the ethos of its FSC.

Gibraltar, along with approximately 57 countries, has committed to the automatic exchange of information under the Multilateral Competent Authority Agreement Automatic Exchange of Financial Account Information in 2017 and a further 31 countries have extended a similar commitment with an exchange trigger date of 2018.

Chief Minister of Gibraltar, Fabian Picardo, says: "[This] Gibraltar's absolute commitment to a culture of compliance with international standards of transparency and reflects our continued emphasis on offering companies a stable environment in which to thrive. Gibraltar is a leader when it comes to compliance with modern standards of internationally established frameworks, in particular those within the EU, which is among the most rigorous in the world, making it the perfect home for international business."

On reflection it seems that, without resorting to a great deal of back-patting, Gibraltar has nevertheless made itself a viable option for domiciling a captive.

While the OECD rating is certainly one of the key strengths of the domicile, particularly in the context of attracting European and international business, the regulatory environment in general is well suited to the discerning captive manager or owner. As Perdoni succinctly puts it: "Insurance in general is a very important area to Gibraltar.

We want to ensure that we have a vibrant, well-regulated, and appropriately-capitalised insurance market that provides suitable products to consumers, both within the jurisdiction and when they passport into other EU jurisdictions." **CIT**

Industry Events

16th Annual SCCIA Executive Educational Conference

Location: South Carolina
Date: 21-23 September 2015
www.sccia.org

Save the date for the 16th Annual SCCIA Conference, returning to downtown Charleston September 21-23 2015. The event features presentations by the top players in the industry, continuing education opportunities, networking and fun.

35th Annual National Educational Conference & Expo

Location: Washington, DC
Date: 18-20 October 2015
www.siia.org

SIIA's National Educational Conference & Expo is the world's largest event dedicated exclusively to the self-insurance/alternative risk transfer industry. Registrants will enjoy a cutting-edge educational program combined with unique networking opportunities, and a world-class tradeshow of industry product and service providers guaranteed to provide exceptional value in three fastpaced, activity-packed days.

Industry appointments

R&Q Captive Management USA has hired **Jeff Kenneson** as senior vice president of business development.

Kenneson has experience in forming and managing different types of captives in onshore and offshore domiciles.

He was previously senior vice president at Strategic Risk Solutions and USA Risk Group.

In his new role, Kenneson will be responsible for R&Q's expansion in the US captive marketplace, which will see it become an approved captive manager in Vermont.

R&Q currently has presences in Arizona and South Carolina.

Kenneson will also assist with identifying captives in run-off that may be looking for a more expeditious exit strategy.

Nick Frost, president of offshore specialist R&Q Quest, commented: "Kenneson has a proven track record of forming viable captives of all types onshore and offshore."

Insight Investment has appointed **Heneg Parthenay** as head of insurance, based in London.

Parthenay has experience working for multinational companies in the insurance and investment management industries.

He joins from BNY Mellon Investment Management in Europe, the Middle East and Africa, where he was COO and head of insurance.

Philip Anker, global head of distribution, commented: "Parthenay will draw on Insight's broad range of fixed income capabilities to give insurers access to our specialist expertise in areas such as illiquid credit."

Giles Bonvarlet has been named non-executive director of Xchanging Insure Services (XIS).

Bonvarlet was previously COO at Talbot Holdings, and managing director of XL London Market and Brockbank.

He is currently non-executive chairman of One Re, an African focused reinsurance company, and non-executive director of Amlin Underwriting.

Richard Bucknall, chairman of the XIS board, commented: "Bonvarlet has more than two decades of experience in the London insurance market, and his extensive knowledge will provide us with further insight into its needs."

Todd Goldenhersh joins Brown Smith Wallace as a manager in the insurance advisory services practice.

Goldenhersh will be responsible for performing audits of insurers writing fidelity, personal and commercial lines; medical and life insurance; and professional liability coverage. He will also serve the firm's captive insurance clientele.

Prior to his new role, he was a senior auditor at Mallinckrodt Pharmaceuticals.

Larry Pevnick, partner in charge, insurance advisory services at Brown Smith Wallace, commented: "His progressive experience working closely with clients in the heavily regulated insurance industry is a great asset to our clients and our team."

Willis Group has appointed **Christine LaSala** as chair of the firm in North America.

LaSala joined Willis in July 2014 and since October has been serving as global head of client advocacy and will retain that role alongside her chair position.

She will work closely with Todd Jones, CEO of Willis North America, focusing on business development and expanding the firm's footprint in the marketplace.

Jones commented: "LaSala's broad experience and strong knowledge of the market and the evolving needs of complex clients make her the ideal candidate to further elevate Willis's business in North America."

Guy Carpenter & Company has appointed **Matthew Eagle** as managing director and head of international analytics.

Eagle, who has experience in the reinsurance sector, will be joining the firm's London office on 1 August.

In his new role he will be responsible for providing resource leadership across the Europe, the Middle East, Africa and Asia Pacific regions, with a focus on developing a leading catastrophe modelling and analytics proposition.

He joined Willis Re in 2010, where he was most recently head of catastrophe analytics and a regional director of Willis Re International.

Nick Frankland, CEO of EMEA operations at Guy Carpenter, commented: "Eagle brings a wealth of experience in catastrophe risk assessment across the numerous geographies that make up our international region."

"He will add invaluable skills to our regional leadership," he added. **CIT**

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