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Captive insurance companies beating traditional insurers to the punch

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The number of firms using self-insurance to save taking out insurance policies and avoid brokers' commissions is rising rapidly, according to a report from Swiss Re.

Though the report acknowledged the strength of the commercial insurance market, with the US seeing $237 billion in 2010 premiums, it also predicted the growing role of captives to cover risks that are difficult to insure commercially.

"Non-traditional solutions and self-insurance can be a good option for … third-party liability insurance for pharmaceutical risks, errors and omissions insurance for financial institutions, terrorism risk insurance or environmental liability insurance."

There were 5745 captive insurance companies worldwide in 2011, and US domiciles proved particularly strong. "Compared to a decade ago, the dominance of Caribbean offshore locations has declined, although Bermuda and the Cayman Islands are still in the lead in terms of number of captives as well as premiums and assets managed. US onshore captives have become increasingly popular over the last decade and in 2011," said the report.

More than 2000 captive insurers were domiciled in 27 US states (including Washington DC). Vermont, with 590 captives, was the leading captive destination, followed by Utah (239) and Hawaii (172). "An important reason for setting up onshore captives is to avoid tax uncertainties related to offshore locations. Locally domiciled captives also tend to be more cost-efficient."

readmore p2

CITINBRIEF

Latest news
Aon Benefield launches guide to help chief risk officers deal with Solvency II
p4

Latest news
FATCA is prompting Americans who live outside of the US to relinquish their citizenship
p6

Latest news
PetroChina is pushing ahead with plans to establish its captive onshore in China
p7

Master class
Steve Bauman of Zurich recalls getting the captive bug during his time at the Fred Reiss Organisation
p8

Domicile profile
The District of Columbia is touting lower capitalisation requirements and cutting-edge cell legislation to appeal to the masses
p11

People moves
JLT Towner promotes and hires, Leavitt Group names new senior vice presidents, and more
p12

Group captive programme launches

Third-party administrator Cypress Benefit Administrators has launched CypressCap, a group captive insurance programme for employers with at least 50 employees.

readmore p2

Delays in the way of Solvency II

The European Parliament has rescheduled the plenary vote of the Solvency II directive from 20 November 2012 to 11 March 2013.

readmore p2

Captive insurance companies beating traditional insurers to the punch

Continued from page 1

The report also illustrated that captives could be used for workers' compensation and motor risks. "In some countries, [workers' compensation] is provided through state-run schemes and is part of the social security system. In other countries, the private insurance industry provides the required covers. When it is mandatory, large corporations in particular are forced to buy more insurance coverage than they would need from a risk-management perspective. Self-insurance schemes such as captives could be a solution for providing the required cover on a risk-retention basis."

"Most motor liability claims are of a high frequency, low severity nature and larger corporations often use self-insurance schemes to cover this risk."

Group captive programme launches

Continued from page 1

Cypress Benefit Administrators hopes that CypressCap will help to alleviate spiraling healthcare costs, as captive insurance expands to SMEs in the public and private sectors.

CypressCap is structured as a group captive, offering companies an alternative risk transfer vehicle. Members can benefit from underwriting profit, investment income and tax advantages.

Tom Doney, president and co-founder of Cypress Benefit Administrators, said: "With healthcare rates escalating so significantly from year to year and no way to predict if or when they will stabilise, employers are really feeling the pressure. They are being much more proactive about implementing effective cost containment measures."

"In many cases, small and mid-size companies have traditionally experienced limited access to claims data, giving them less chance to implement programmes or incentives that encourage employee wellness and minimise claims."

Delays in the way of Solvency II

Continued from page 1

No new timetable has been confirmed and 1 January 2014 is the Europe-wide implementation date, though this implementation looks increasingly unlikely.

"We are considering the implications of the delay for our domestic implementation plan and will communicate with the industry as soon as we can," said a statement from the UK FSA.

The matching adjustment is thought to be the cause of the delay. Concern was raised in April over the issue, and the Association of British Insurers has been lobbying for restraints to be eased.

Originally called the matching premium, the concept was welcomed by insurers, which said that it was key to their ability to offer inexpensive long-term annuity products.

However, unease has been circulating about the severe limitations of its use and the lack of clarity about its exact operation. The delays may come as a welcome relief for some firms that are behind with their implementation, but for those pursuing internal model approval, costs of keeping both ICAS and Solvency II models running together could be steep.

Insurance Navy spots a change in captive models

Independent insurance agency Insurance Navy has cited a survey finding growth in the number of independent agencies as evidence of the downturn of the traditional captive model.

A 2010 survey from Future One—a cooperative effort of the Independent Insurance Agents & Brokers of America—said that the number of independent agencies offering captive insurance grew to 38,500 in 2010, up from 37,500 in 2006.

"The tumults that prevailed in the financial markets and the credit industry have caused many captive carriers and agents to alter their rating and customer service models, which triggered consumers to shop out of their current captive agency system," said Ed Sneneh of Insurance Navy.

"Some financial professionals—including insurance agents of captive insurers—are finding the independent agency system more profitable to take as a career," he added.

"The number of our agencies has grown by about 44 percent in the past 12 months and we have seen some other independent agents in the Chicago area growing at similar rates."

The firm argued that unlike captive insurance agencies working for one insurer, independent insurance agencies have the ability to represent multiple insurers, "allowing them to compete based on multiple factors, including lower insurance rates, better coverage [and] diversity of coverage".

A-okay for Alliance

A.M. Best has affirmed the financial strength rating of "A (Excellent)" and issuer credit ratings of "a" of the members of Nonprofits Insurance Alliance Group (NIAG).

The ratings apply to Alliance of Nonprofits of Insurance Risk Retention Group (ANI) and National Alliance of Nonprofits for Insurance (NANI), which are domiciled in Montpelier, Vermont, and Nonprofits Insurance Alliance of California (NIAC), which is domiciled in Santa Cruz, California.

The outlook for all ratings is stable.

The ratings reflect the group's operating performance and strong management along with its excellent capitalisation and niche market strategy.

"A.M. Best considers that ANI, NANI and NIAC function as a group, with the common mission of serving nonprofit organisations through common management (human resources, information technology and administration), underwriting, marketing, claims and risk management services provided by Alliance Member Services," said a statement from the ratings firm.

Partially offsetting these positive rating factors

are the companies' limited size and the challenges that are associated with geographical expansion and establishing market positions.

Aon Benfield guides CROs dealing with Solvency II

Aon Benfield, the global reinsurance intermediary and capital advisor of parent company Aon, has launched the CRO Guide to Solvency II to help chief risk officers maintain a competitive position and boost financial strength while meeting regulatory compliance.

It aims to unravel the complexities of Solvency II and provide practical advice for successful implementation.

The guide is structured around the three pillars of Solvency II under the themes of capital management, risk management and data quality.

Reinsurance remains the best mechanism for mitigating the risks and associated capital charges under Solvency II, according to the guide. As many firms target a Solvency II ratio above 100 percent, the effect of leverage on required capital makes reinsurance more cost efficient than raising additional equity in today's market.

Making the link between optimising return on capital, managing the volatility of results and delivering within risk appetite is a good way to incentivise senior management to use the results of internal models in strategic decision making.

Marc Beckers, head of Aon Benfield analytics for the EMEA region, said: "Regardless of the actual implementation date of Solvency II, the CRO will still be accountable for driving the success of risk management within an insurance company. The CRO's responsibility reaches across the three pillars and their role is crucial in shaping the business to be successful under the forthcoming new regime."

"Furthermore, the CRO connects and collaborates with the roles across an insurance company—from board to actuary or catastrophe modeller—that are involved in achieving and embedding regulatory compliance. Our guide highlights some of the key challenges firms face, setting out best practice to overcome these hurdles in the most effective way."

Rembrandt Insurance gets A status

A.M. Best has given the financial strength rating of "A (Excellent)" and an issuer credit rating of "a" to Rembrandt Insurance, a captive of global oil trading company, Vitol Holding.

The outlook for both ratings is stable.

The ratings reflect Rembrandt's strong risk-adjusted capitalisation, financial performance and stable business profile. Partially offsetting the positive ratings is the firm's high concentration in the marine cargo line of business.

"Negative rating actions could occur if a significant deterioration in Rembrandt's risk-adjusted capitalisation would be linked to no evidence of support from the Vitol group to boost the latter. Additionally, any manifestation of poor underwriting results would lead to negative rating pressure," said a statement from A.M Best.

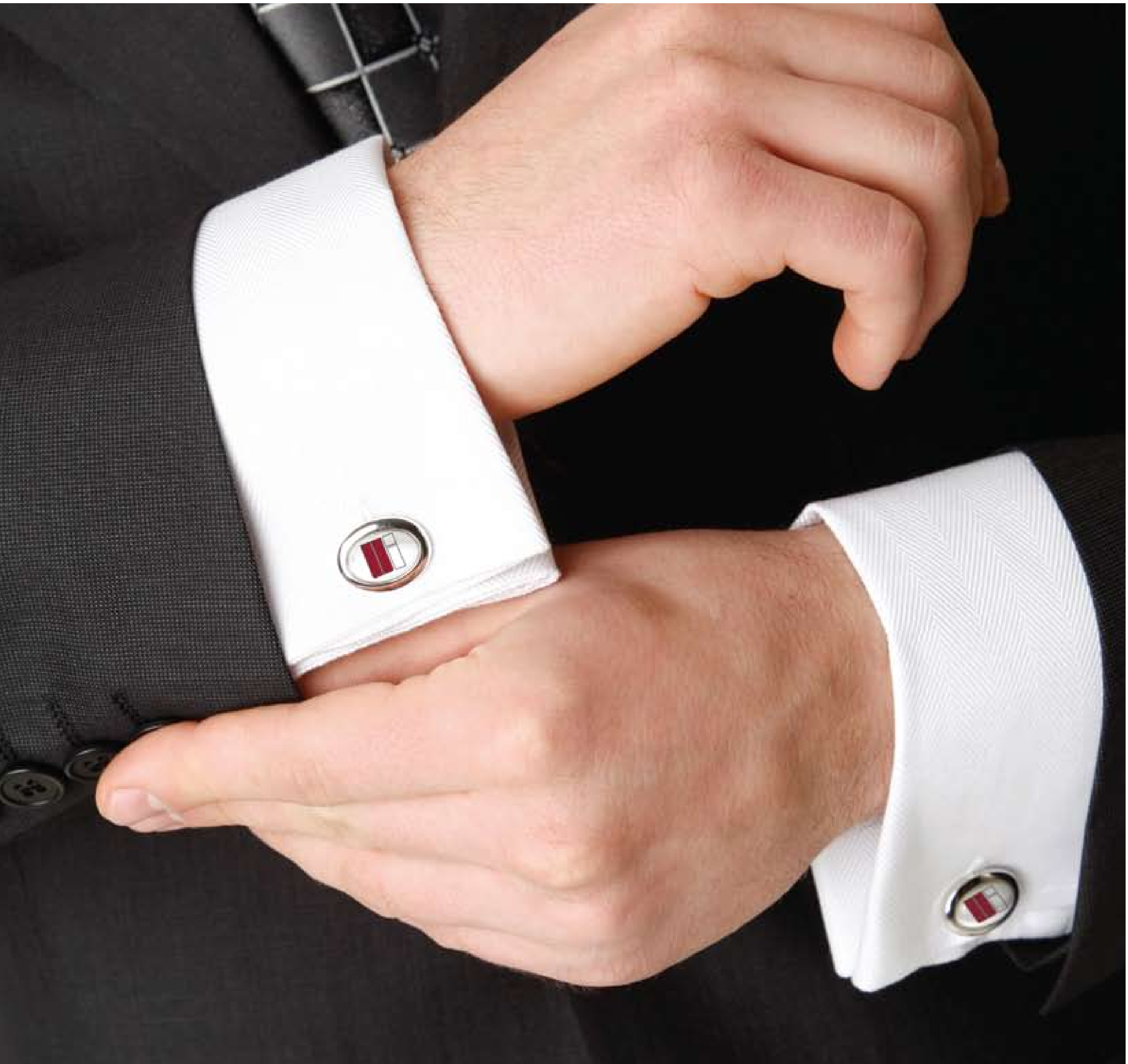
The ratings firm added that upward rating movements are unlikely at present.

Guernsey gains five pure captives but loses 14

The Guernsey Financial Services Commission (GFSC) has licensed 107 new international insurers in the last 12 months.

The 107 insurers that were licensed between September 2011 and September 2012, include five pure captives, seven protected cell companies (PCCs), 90 PCC cells, one incorporated cell company (ICC) and four ICC cells.

Despite Guernsey's promising figures, the island also incurred 43 losses, comprising 14 pure captives,



seven PCCs and 22 PCC cells, meaning a net growth of 64 entities over the year.

Guernsey has also seen a net growth of 59 entities since the end of 2011. The 746 entities in Guernsey at the end of September 2012 included 251 pure captive, 67 PCCs, 406 PCC cells, five ICCs and 17 ICC cells.

Fiona Le Poidevin, chief executive of Guernsey Finance, said: "The figures show that the number of new licences being issued picked up as we moved through last year and that trend has continued during the first three quarters of 2012."

"Indeed, having more than 100 new licences issued during the last 12 months shows that Guernsey very much remains a domicile of choice for international insurance entities."

FATCA prompts Americans to consider relinquishing citizenship

American citizens who live outside of the US are increasingly considering renouncing their US citizenship as Washington DC prepares to implement the Foreign Account Tax Compliance Act (FATCA), said the chief executive of a financial advisory firm.

Nigel Green, chief executive of the deVere Group, has said that over the last six months, his firm has received a 22 percent increase in the number of enquiries from American expatriates around the world who are considering switching their homeland citizenship to that of their adopted countries.

"The majority of these US expats are being prompted to consider this due to the complexity of the reporting process to the IRS, plus the threats of heavy penalties, including for previous, inadvertent non-compliance."

"This sense of anxiety is compounded by the fact that a growing number of Americans are being left stranded by their foreign financial institutions as all banks and wealth management firms will also have to declare the assets of their American clients, and this process is perceived as too costly and burdensome, meaning many are refusing to deal with US citizens."

Green concluded: "Renouncing one's citizenship is, understandably, a hard and often painful decision, so I would urge Americans who may be looking into this to contact an independent financial advisor with experience in expat wealth management. There is a raft of robust, FATCA-compliant options available."

Just under 1800 Americans renounced their US citizenship in 2011—six times more than in 2008.

Insurance linked securities on the map in Guernsey

A managed vehicle, Solidum Re Eiger IC, has listed bonds with value at risk of $52.5 million on the Channel Islands Stock Exchange (CISX), according to Aon Insurance Managers in Guernsey.

These bonds are in support of a reinsurance placement accepted by the incorporated cell from the Californian Earthquake Authority. This is the first listing for the CISX where natural catastrophe perils are the underlying exposure for 'principal at risk' notes.

"This is another significant step in the development of Guernsey as a reinsurance market where insurance linked securities (ILS) represent an ever larger part of the available global capacity," said a statement from Aon.

"Aon and the GFSC [the Guernsey Financial Services Commission] have worked in consultation with clients over a number of years to make Guernsey a competitive jurisdiction with its own positive differentiators for ILS."

John Rowson, executive director of Aon Insurance Managers in Guernsey and a director of Solidum Re Eiger IC, said that he was pleased to be involved in this local development of the burgeoning ILS industry.

"Guernsey's proximity to London, robust regulation and secure credit rating give the jurisdiction huge opportunities to grow in this space where innovation and experienced legal firms are essential. Having Mark Helyar of Bedell Cristin involved has been critical to a successful and smooth listing."

Cedric Edmonds, partner at Solidum Partners and director of Solidum Re Eiger IC, said: "Solidum Partners chose Guernsey as a jurisdiction for its incorporated cell reinsurance company and private cat bond platform due to the incorporated cell company legislation and the quality and 'can do' attitude of the service providers when faced with something new."

"Solidum was the first entity to issue private cat bonds and to date the only entity to have their private placement cat-linked notes traded. The current listing on the CISX is the next step to broader dissemination and acceptance. To date the Solidum vehicles have issued in excess of $100 million of notes and we look forward to growing this number in the future. "

Unum reinsurance captives receive ratings affirmations

Moody's has affirmed the ratings of Northwind Holdings and Tailwind Holdings, two wholly owned companies of Unum Group.

The ratings company confirmed the "Baa1" (sf) ratings of the insured life insurance-linked securities of Northwind. Tailwind also received the same rating of "Baa1" (sf).

Obligations rated "baa" are judged to be medium-grade and subject to moderate credit risk and so may possess certain speculative characteristics. The (sf) indicator was introduced in 2010 and stresses that structured finance ratings should "eliminate any presumption that such ratings and fundamental ratings at the same letter grade level will behave the same," said Moody's in a document.

"The (sf) indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics."

The outlook for both ratings is stable.

Tailwind Holdings is the shareholder of Tailwind

Reinsurance, a special purpose captive reinsurer that is domiciled in the US State of South Carolina.

Northwind is the shareholder of Northwind Reinsurance Company, a special purpose captive reinsurance company that is domiciled in the state of Vermont.

Moody's senior vice president, Scott Robinson, said: "The affirmation reflects deal performance in line with our expectations as determined by modeling of the reinsurance cash flows and the performance of the underlying invested assets."

PetroChina's captive company to go-ahead

According to reports, the China Insurance Regulatory Commission has granted oil company PetroChina permission to establish its captive insurance company in the Xinjiang region in Northwest China.

Before PetroChina's go-ahead, the China National Offshore Oil Corp was the only business to have established a captive insurance company onshore.

To date, many Chinese firms assume a self-insurance fund strategy, in which the company sets aside a planned amount of money to compensate for potential losses.

Arthur J Gallagher buys Unison

Arthur J Gallagher & Co has acquired Unison in Minnetonka, Minnesota, for an undisclosed amount.

Unison is an employee benefits insurance broker that offers employee benefits products and consulting services to primarily North Central US customers.

They specialise in providing group health and welfare, business insurance, financial planning, executive, retirement and communication products and services.

The Unison team will continue to operate from their Minnetonka location under the direction of William Ziebell, North Central regional executive vice president of Gallagher's employee benefit consulting and brokerage operations.

Patrick Gallagher, chairman, president and CEO of Arthur J. Gallagher & Co, said: "Along with their depth of expertise, Unison is highly regarded for their quality sales and service culture that is consistently focused on their clients and their community."

"In addition, their geographic presence and solid industry relationships will be a terrific complement to our employee benefits brokerage and consulting operation. We are pleased to welcome our newest associates to our growing Gallagher family of professionals."

NRRA chairman to stay on

Sanford Elsass, a builder and manager of risk retention groups, was re-elected chairman of the National Risk Retention Association (NRRA) for a second one-year term at the association's 25th anniversary conference.

Elsass told the conference: "NRRA enters the next 25 years stronger than ever with professional staff and volunteer leaders ready to defend the industry against efforts to restrict the legal operation of risk retention groups by a number of states. The association has won landmark decisions in the federal courts, but efforts to encroach on the authority of risk retention groups continue."

"More than ever, we need to help NRRA build an industry coalition that will convince congress to create an enforcement mechanism in the liability risk retention act to resolve disputes without costly, lengthy litigation."

NRRA is the voice of the risk retention and purchasing group sectors of the insurance industry with more than 250 risk retention groups and 850 purchasing groups as members.

Learning from the master

An early start with Fred Reiss gave Steve Bauman the captive bug. He tells CIT about his beginnings in the industry

GEORGINA LAVERS REPORTS

You've been at Zurich for five years now—how have you seen the company's captive strategy develop?

When I came to Zurich five years ago, I came in to an organisation that had been working with captives for more than 20 years already, both in the single parent side and the group side, so there was already a strong history of servicing captives. My role was to further develop our services and commitment to our global corporate clients and their single parent captives, help them use their captives even better, and generally to make Zurich more captive friendly. Now we're providing captive services to more lines of business, including life and disability and pensions—and we're working with our clients on new and innovative captive products, as well to advance the coverage and services that Zurich provides to our clients. It has been an exciting five years, and I'm really pleased with my time spent here.

What sort of captive team do you have at Zurich?

On the single parent side, we've got a group, including myself, and my team out of Schaumberg, Illinois, and also Zurich regional shared services around the country that we use, but the shared services are not exclusively single parent captives servicing. We also have a larger group situated in Schaumberg that does group and agency captive business, and then we have other groups in the US that do programme business, as well as European and Asian counterparts that do captive servicing around the world. It's an extensive group, a great infrastructure of people working on captive programmes around the world, and I think that's one of the things that makes it really exciting within the organisation.

Do you have a typical customer?

We really don't. Zurich is fortunate in that we have the ability to work with any type of customer, anywhere in the world, providing nearly any type of coverage, within captive utilisation. I personally work extensively with single parent captive clients, our largest kind of corporate clients, but as I mentioned, we have another group doing group captives, people working with agency captives, and cell captive structures as well, so we're truly global with all our captive capabilities. We work with captives in all of the major domiciles around the world, and are truly domicile neutral.

To what extent do customers understand captives and has this improved in recent years?

I think that there's so much more knowledge around captives in the marketplace now and so many more companies are getting into using captives. Growth has been encouraging and I'm really encouraged by the continual development of captive domiciles around the world. I'm encouraged by the fact that captive utilisation is definitely trickling down to small companies. Whereas 30 years ago it used to be just the biggest corporations in the world that had captives, now it's trickling down into smaller companies, which are middle market-type businesses and large family businesses. I think that it's a great development in the marketplace that there is so much growth and knowledge and expertise out there.

Are there any domiciles that you would tout as future competitors?

I think that the competition among domiciles is actually healthy. There has been tremendous growth in the US, with more than 30 states or territories now having captive laws—a big difference from 30 years ago, when there were only three or five. It's been a pro-growth promotion of captive utilisation: innovative and entrepreneurial, so I think that the growth in domiciles has really enhanced the industry.

What are some of customers' recurring concerns around their captives?

A main concern for our clients and their captives are the growing regulatory issues that they are facing around the world. Issuing policies globally has become a more complex and complicated process, with constantly evolving regulations, and that's where we're able to help our clients and our captives. Zurich has a global infrastructure that helps captives, where we issue local policies to captives and provide funding services, and that has evolved over the years to become more complex.

> I'm always encouraged by the continued sense of innovation and entrepreneurial spirit in the sector

Another major concern has been security and stability in the marketplace. Zurich is very strong financially and we're able to help and provide that support to our clients and their captives. Leading on from that, collateral is always a major issue around captive programmes and Zurich has been able to provide some really good flexibility around collateral requirements.

We have the flexibility to do all sorts of collateral provisions. We work with LOCs (Letters of Credit), which have been an old standard for captive programmes, but more recently, trust programmes that have been put into place are proving popular. We work just as comfortably with LOCs as we do with trusts, with flexibilities around setting up different step-up provisions as the programme may warrant, and we can also share collateral among programmes, as in integrated programmes, which can be an important flexibility for clients.

What sort of captive services does Zurich provide?

The main services that Zurich provides are fronting services, with the ability to provide local policies and services around the world, in more than 180 countries. Additionally, we provide expert claims handling around the world, and reinsurance and risk transfer support for all types of captive programmes. We also have great engineering services that we provide to our clients, as well as some newer products, for example, a captive operating dashboard that we've been working on with a few of our clients, which has some nice potential.

QRA takes into account Solvency II requirements—what are your own and your customers' feelings on the directive?

We were providing our QRA (Quantative Risk Analysis) process before Solvency II came about, but it does lend itself to issues surrounding Solvency II and the additional regulatory issues that Solvency II provides on captives. Customers need to be ready to adhere to the new directives, and those that aren't prepared aren't going to be in a very good spot. But it's an opportunity for those that are prepared. Our customers that are working on it will likely be prepared, and Zurich as a company is prepared, and we think that's the best way to tackle this.

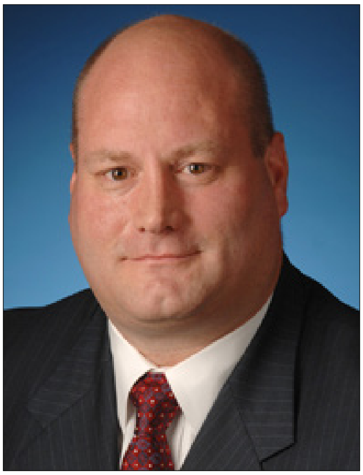
What do you think about domiciles such as Guernsey refusing to seek Solvency II equivalence?

I think that all captive domiciles have the right to govern captives as they see fit. The competition between captive domiciles has made this a better industry and companies have great choices now when it comes to captive domiciles, whether around the world or within the US. Guernsey is a good choice as a captive domicile, we do a lot of business with Guernsey captives, but there are a lot of other good choices. Domiciles should do as they see fit.

How was your time at Aon?

I enjoyed my time at Aon. I also worked at Marsh for some time and liked my time there too. I especially enjoyed it when I started in this industry, and was working for the Fred Reiss Organisation. Fred Reiss was known as one of the founders in the captive industry, and he was one of the real early purveyors of captive insurance, and that's where I got the captive bug.

The Fred Reiss Organisation actually became part of Aon; in 2001 Aon had bought the remainder of the organisation. But no matter where I work, I love working with captives. I'm always encouraged by the continued sense of innovation and entrepreneurial spirit in the sector, and even though Zurich is a large company, we've retained that flavour. We've been working with captives for more than 20 years, but we still work with our clients and our captives in a true partnership format, and in a very tactical and inventive way. It makes it fun and profitable for all of us. CIT



Steven Bauman
Senior vice president and head of captive services North America
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District sublime

The District of Columbia is touting lower capitalisation requirements and cutting-edge cell legislation to appeal to the masses, as CIT finds out

GEORGINA LAVERS REPORTS

For an onshore district that is home to all three branches of the US federal government—congress, the presidency and the supreme court—it would be fair to say that captives in the District of Columbia must watch their step carefully.

Despite this, the District of Columbia has managed to come up with advantageous legislation that makes it a competitive domicile. In comparing the district's captive capital requirements with those of Bermuda and the US State of Vermont, the district clearly allows for less restrictive capital requirements.

Bermuda's capital requirements are $120,000 for Class 1 (pure captives), while Vermont charges $250,000 for the same type. The District of Columbia has the comparatively lower price of $100,000.

The District of Columbia also encourages the formation of captives with larger premium writings and direct insurance instead of reinsurance. Tax incentives serve to position it as an ideal domicile for businesses seeking to write their own insurance programmes and purchase reinsurance protection from reinsurers.

Arthur Perchetz, counsel at Washington DC law firm Baker & Daniels, says that the District of Columbia was one of the early jurisdictions to recognise that captive insurance would be a significant alternative for experienced insurance professionals to maximise efficiencies and options that were not readily available in the traditional insurance marketplace.

"To accomplish this goal the department of insurance, securities and banking brought together a group of insurance, legal, accounting and other professionals to assure appropriate and collaborative captive regulation and to develop a cutting edge captive law."

"After much effort and discussion the district enacted what is generally recognised as one of, if not the best, captive laws in the US. A very creative and flexible law was drafted to permit insurance professionals to create both large and small captives. For example, required capitalisation was designed to permit relatively small simple captives as well as very large and complex captives with a number of structural options that were suitable for both."

Most notably, the law's best practices provision, which was modelled on state banking laws, permits a District of Columbia captive to "do anything a captive can do in any other captive domicile in the world", says Perschetz. "It provided that the commissioner of insurance must approve the request for 'Best Practices' treatment within 30 days unless it is determined that the proposed provision would be adverse to policyholders. Consequently, the district by virtue of its cutting edge cell captive law and collaborative regulation provides significant benefits to those looking for a forward focused and flexible captive domicile."

Cellular innovation

The District of Columbia included protected cell captives in its first captive legislation in 2000, with subsequent amendments to the law including the ability to create incorporated cells. The current incorporated cell law was modelled on the more flexible and comprehensive Guernsey and Jersey laws and was enacted in 2006. "It has become the universally recognised best cell law in the US and has been utilised by many cell captive owners and users," states Perschetz.

The district's new law included the first incorporated cell provision in the US: a favourable US branch captive provision that gave significant flexibility in the types of investments and credit for reinsurance.

"Both types of captives provide a wide array of options and are available for cell captive users," asserts Perschetz.

The protected cell captive, a contractual captive, is formed around a core that serves as the central business entity and has captive cells that are contractually related to the core and each other.

"The district's law specifically provides that these cells are treated 'as if they are legal entities'. This language is an important provision as the integrity of captive cells has never been successfully challenged. The law also permits cells to contract among each other as if they are legal entities and is an important provision not currently available in other captive domiciles."

The incorporated cell captive, as in a protected cell, contains a central core. Each participating cell is also incorporated and is, by law, a separately recognised legal entity.

"The incorporated cell is said to have 'walls' separating the cells and the core which are both 'higher' and 'thicker' than those of protected cell captives. This concept is supported by the well-established legal doctrine of 'piercing the corporate veil', which provides a significant legal basis for the integrity of the cell. Although the incorporated cell is clearly protected by case law, the protected cell does not have this benefit. However, carefully drafted legal documents used by a protected cell captive will likely also protect the integrity of a well managed protected cell company."

One key difference between the types of cell captives in the District of Columbia, asserts Perschetz, is that protected cell captives aggregate premium from all cells for the purposes of the domicile's minimum and maximum premium tax requirements as one entity, so they could possibly reduce premium tax expenses. In an incorporated cell captive, the core and the incorporated cells must file individual premium tax returns and are each subject to minimum and maximum premium tax limits.

Protected and incorporated cell captives are distinctly different, but do contain similarities. Cell captives of both types may use another entity's capital for core funding, although some of the expense would typically be passed onto each cell. Cells also facilitate formation for those entities with lower premium volume. The District of Columbia's law also permits a cell to move to another cell, to leave the cell captive and become a standalone, and a small captive to become a cell of a cell.

"The advantages of either form of cell captive include being less expensive to organise, more flexible capitalisation, more efficient operation and less costly management expenses," concludes Perschetz. "A well managed cell captive can become a turnkey operation for individual cell owners that want to create and own a captive cell without significant front end expense and can typically be formed more rapidly than a standalone captive." **CIT**

Industry appointments

JLT Towner US has promoted a key executive and added two professionals to its captive management staff.

Mary Richards, a captive insurance industry veteran, was named executive vice president of JLT Towner US. **Megan Davidson** was hired as an account manager and **Nancy Mutell** was named administrative assistant.

A senior client manager for JLT Towner US, Richards will also oversee operations of the company's headquarters in the US State of Vermont.

Richards has more than a decade of experience in the industry and specialises in risk retention groups and non-profit captives.

Davidson, a certified public accountant, has more than a decade of audit experience working for, among others, KPMG and JMM & Associates.

Insurance brokerage, Leavitt Group has promoted **Mark Niebuhr** and **Bill Bergan** to senior vice presidents. Both will be based in the firm's office in Sacramento, California.

Niebuhr is now the senior vice president over the captive and alternative risk-consulting group. Bergan now holds the role of senior vice president over the construction and surety practice group.

Tom Cready, director of the Leavitt Group's Sacramento office, said: "Niebuhr and Bergan's expertise and leadership roles have played a major part for new business development and client services for our captive and construction clients."

Dominic Casserley has been appointed as Joe Plumeri's successor as CEO of Willis.

Casserley will serve as the group CEO starting 7 January 2013. He previously worked at McKinsey & Company as a senior partner.

Currently based in London, he will move to Willis's office in New York after a transition period in 2013.

Allianz Global Corporate & Specialty (AGCS) has named **Elke Vagenende** as its head of product development for financial lines in the UK.

In her new London-based role, Vagenende will be responsible for developing new products and derivative versions of policy forms for the financial lines operation across the UK.

Vagenende will report to Gary Everson, regional head of financial lines at AGCS.

Prior to this position, Vagenende was senior underwriter for financial institutions and D&O at Liberty Mutual. **CIT**

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