



CAPTIVES MUST MAINTAIN CYBER VIGILANCE

Certain captive insurers and risk retention groups (RRGs) must remain vigilant against cyber threats, despite exemption from the new rules in effect in New York, according to A.M. Best.

The rating agency warned in a new briefing that it has been heightening its focus on cyber liability, which now forms part of its assessment of a company's risk management practices.

"Understanding a company's vulnerabilities and the safeguards to deal with potential cyber threats is a subset of A.M. Best's view of a company's enterprise risk management," the rating agency explained in a foreword to the briefing.

Pure captives, industrial insured group captives and RRGs were among those exempted

from the final New York State Department of Financial Services (NYDFS) cyber security rules, which went into effect on 1 March.

Exempt insurers still need to file a certificate of exemption with the NYDFS within 30 days.

The new rules require banks, insurance companies and other financial services institutions regulated by the NYDFS to establish and maintain cyber security programmes designed to protect consumers' private data and ensure industry safety.

Requirements include conducting periodic risk assessments, maintaining a cyber security programme based on the risk assessment, complying with governance and staffing

requirements, and providing regular cyber security awareness training.

Romaine Marshall and Matt Sorensen of law firm Holland & Hart commented when the exemption was announced that the impact of the new regulation will be "felt far beyond the state of New York and will likely become the baseline standard for the industry".

Marshall and Sorensen suggested that although the regulation became effective on 1 March, there will be a transition period of between one and two years for most financial institutions to comply.

"Full compliance with such an expansive regulation will [still] be challenging," they added.

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Georgia captive reforms almost law

A new bill is making its way through the Georgia legislature that will offer businesses and captive managers a more efficient method of forming and domiciling a captive in the state.

The bill, known as SB 173, has received House of Representatives committee approval on 9 March. It was sponsored by Republican Jason Shaw and has already passed the Senate.

It extensively revises certain provisions and definitions, changes certificate of authority requirements, provides for boards of managers, and makes multiple agency captive provisions.

The Georgia Insurance Department's captive division is also making it a priority to strengthen relationships within the industry and to provide a superior level of customer service to captives in order to help them succeed.

Georgia currently offers pure, agency, association and industrial insured captive structures, as well as risk retention groups. Minimum capital requirements for these structures start at \$250,000.

Spring Consulting sets up series captive

Spring Consulting Group has set up a series captive in Delaware.

Bloom Insurance Company has been licensed as a series, enabling businesses and organisations to 'rent' out cells rather than create their own captives.

The captive caters for medical stop-loss coverage, according to Spring Consulting, but will be open to insuring other risks.

Karin Landry, managing partner of Spring Consulting, commented: "We have found that developing an individual captive can seem complicated or even overwhelming to many businesses."

Inside captive **insurance** times



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"Bloom will streamline this process, helping groups and businesses manage their risk through this innovative funding solution, and eliminating a headache for them."

Businesses and organisations that rent a cell through Bloom will also have access to Spring Consulting's employee benefit services, as well as its human capital management system module, which refines and automates HR, payroll and benefits tasks.

China and Guernsey sign MoU

China and Guernsey's insurance regulators have signed a memorandum of understanding to make it easier to do business in each jurisdiction.

The agreement between the Guernsey Financial Services Commission (GFSC) and the China Insurance Regulatory Commission (CIRC) is the third insurance deal to be

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+1 972 447 2053
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struck between Guernsey and China in the last nine months.

It will enable a flow of information between the GFSC and CIRC to ensure compliance with the relevant laws in each jurisdiction, thereby promoting the integrity, efficiency and financial soundness of those doing business between the two.

It also includes guidelines for cooperation, including both supervisory bodies having a specific point of contact for communication between the organisations, the types and timing of requests for information, and the respect for a public interest test.

CIRC vice chairman Wenhui Chen said the agreement “shows the strong relationship built up by an important jurisdiction from developed countries and another from the emerging markets”.

Chen added: “I hope the memorandum of understanding will strengthen the relationship between China and Guernsey especially for the insurance industry and we look forward to cooperation after the signing.”

Guernsey Finance chief executive Dominic Wheatley added: “The signing has broader, positive implications for the island’s finance

sector as it will also provide Chinese insurance companies with an approved conduit for investing into Guernsey funds, once they have obtained a quota from the State Administration of Foreign Exchange.”

Last year, Guernsey representatives signed agreements with both the China Captive Alliance and the Kashgar government to promote captive insurance in the region.

The agreements, signed in June 2016, laid out plans to cooperate on captive insurance market development and on financial innovation.

They also covered promoting the viability of the Chinese captive market, and cooperation on communication between China and the international captive industry.

Increase in captive use to limit EB cost

Multinational pooling and captives are being increasingly used to limit the cost of insurable employee benefits globally, according to research by Willis Towers Watson.

The research showed that the rising cost of employee benefits around the world is prompting more international companies to set up multinational pooling and employee

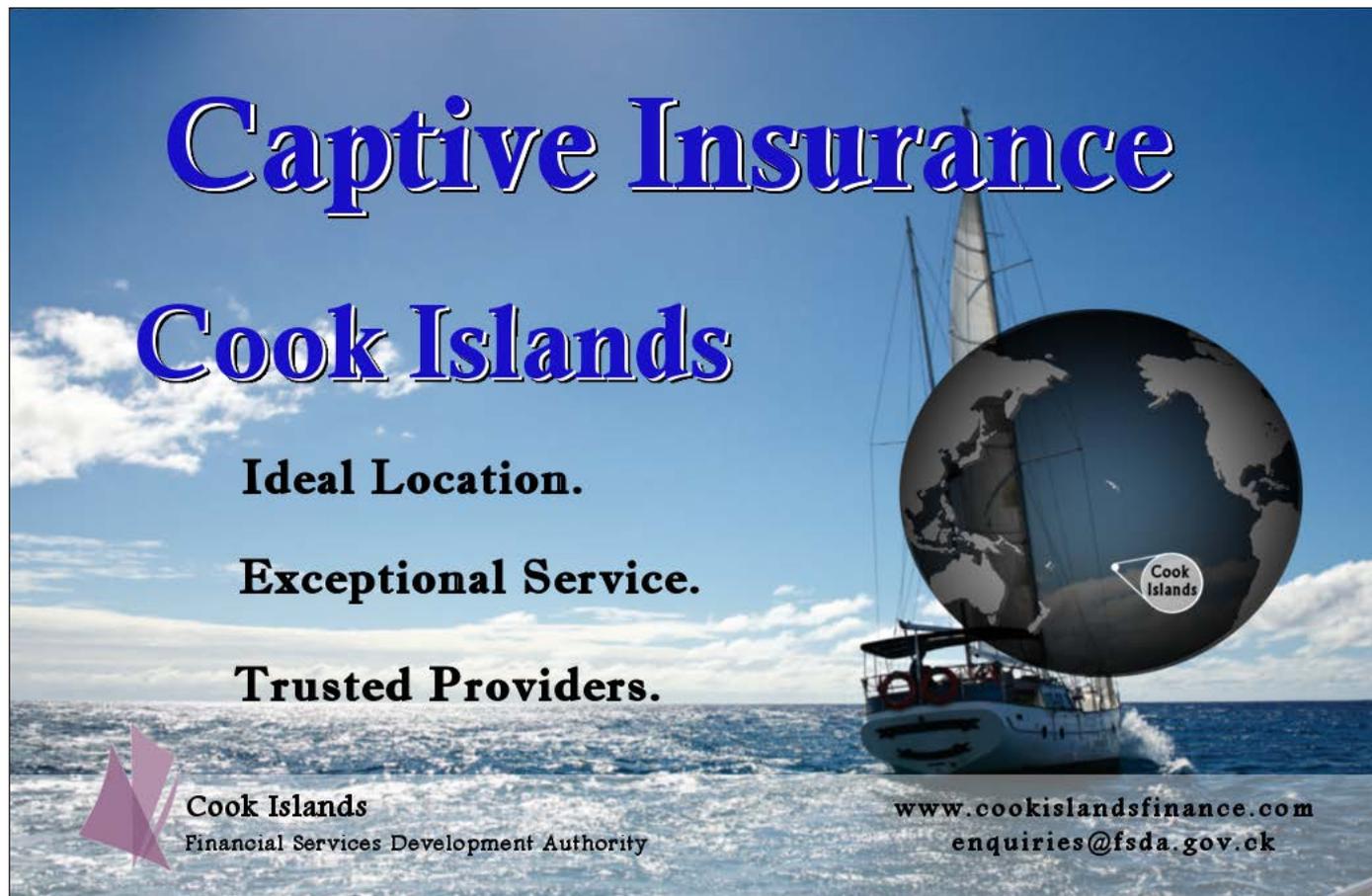
benefit captive arrangements in order to improve the performance of their insurable employee benefit plans.

It suggested that the primary objective for setting up such arrangements is usually to lower premium costs or to reduce cost increases to below market inflationary levels.

Proactively managed multinational pools and employee benefit captives can generate savings of more than 14 percent and 25 percent, respectively, on insured benefit costs, according to the research. It also found that some captive arrangements delivered even higher returns, because companies actively discounted their premiums upfront before reinsuring them to their captives.

Roger Beech, director of global services and solutions at Willis Towers Watson, said: “The increasing costs of insurable employee benefits are hitting the radar of senior executives more regularly, with the result that there is greater urgency to understand and manage the drivers of these costs and their growth.”

He added: “The annual costs for insurable employee benefits can easily exceed \$25 million for a company with 20,000 employees around the world, so the use of multinational



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pooling and employee benefit captives can deliver significant cost savings for many companies. As multinational companies seek out cost management opportunities, approaches to create a competitive advantage, taking a proactive and considered approach to the management of insurable benefits results in relatively easy savings.”

In 2016, in terms of location for multinational pooling performance, Sweden produced the largest savings as a percentage of total premium pooled, 41 percent, while contracts in Canada were the worst performances with average returns of 16 percent. For employee benefit captives, variations in profitability were even wider, with Japan producing the largest returns at 55 percent, while Ireland only gained returns of 24 percent.

Beech commented: “The findings do not mean that companies should automatically include every benefit plan in Sweden or Japan, or exclude every contract in Canada or Ireland. Rather they should conduct due diligence and consider their own objectives, claims experience, premium rates, network retention levels and other factors before adding or continuing to include any contract in their pool or captive.”

Decision in Avrahami ‘coming soon’

A decision from the US Tax Court in the closely watched Avrahami v Commissioner litigation is expected soon, according to experts.

The case, which was tried in March 2015, centres on the owner of Arizona jewellery stores whose 831(b) captive provides direct property and casualty coverage to multiple entities, including real estate ventures, and reinsures terrorism coverage.

But the Internal Revenue Service (IRS) believes that the micro captive was organised to provide tax deductions under Section 831(b) of the Internal Revenue Code and lacks insurance risk, and that risk was not shifted to the captive.

According to legal experts from law firm Eversheds Sutherland: “In the case, the IRS argued that the Section 831(b) company in question was formed for income tax evasion purposes—namely, to facilitate deductions under Section 162 for premiums paid for insurance that were improperly deducted because the Section 831(b) company’s transactions did not qualify as insurance for federal tax purposes.”

They predicted: “A decision in this case is expected as early as this spring.”

The Avrahami v Commissioner litigation will be the latest twist in a tumultuous 18 months

for micro captives when a decision is finally handed down.

The Protecting Americans from Tax Hikes Act of December 2015 made significant changes to Section 831(b), increasing the maximum premiums for insurance companies making the election to be taxed solely on investment income from \$1.2 million per year to \$2.2 million.

In November last year, the IRS released Notice 2016-66, which formally labelled micro captives as ‘transactions of interest’ and required them to report to the federal agency by 30 January 2017 due to their potential for tax avoidance or evasion.

This deadline was subsequently pushed back to May, but the IRS also named micro captives in its annual ‘Dirty Dozen’ tax scam list in February, for the third year in a row.

PARIMA surpasses milestone

The Pan-Asia Risk & Insurance Management Association (PARIMA) has surpassed 1,000 members.

The association had 643 members in Q1 2016. Its membership now stands at 1,084 across 41 countries.

PARIMA has reported a growth rate of more than 50 percent each year since its inception in 2013. It currently has a presence in 20 countries in the Asia Pacific region, and in 19 countries across Africa, Europe and the Middle East. Singapore, the Philippines and Hong Kong are the most represented countries in the association.

“PARIMA is establishing itself as the fastest growing platform for risk managers,” said Stacey Huang, executive director of PARIMA. “We continue to look for opportunities to bring the risk community together and maintain ourselves as a not for profit association created by risk managers for risk managers.”

“We are looking forward to see PARIMA reaching our common goal to function as a key player in the industry and help cultivate the risk maturity and strengthen the standards and profession in Asia Pacific.”

PARIMA members represent 643 companies across different industries, with 25 percent from financial institutions. Other sectors such as energy, utilities, services, transportation and manufacturing are also evenly represented.

PARIMA will hold its next regional conference in Manila, the Philippines, on 28 March.

This will be followed by two more regional conferences in Shanghai, China, on 21 June and in Singapore in November.



Puerto Rico sees interest in cells rise

More than 100 new captive cells formed in Puerto Rico in 2016.

The Caribbean island saw 108 cells, as well as one pure captive, form last year.

The domicile did see 21 entities surrender their licences, leaving its total a little shy of 400 at the end of 2016, with eight pure captives and 390 cells active.

Two new protected cell companies, Enterprise Risk II and Advantage Business Insurance Company II, were authorised in 2016, taking Puerto Rico’s total to four. Commonwealth Risk Services II and Madison Re II are also active in the domicile.

Puerto Rico caters for multiple structures, including association, protected cell, pure and reinsurance captives, as well as risk securitisation programmes.

Its capital requirements are set relatively higher than most other jurisdictions, at \$500,000 generally, although differences between licences do exist.

More than a dozen insurance and financial service providers joined forces in 2016 to launch the Puerto Rico International Insurers Association, which can respond to and advise related parties on insurance issues in the domicile.

Guernsey welcomes 93 new captives

Guernsey welcomed 82 new cells and 11 captives in 2016.

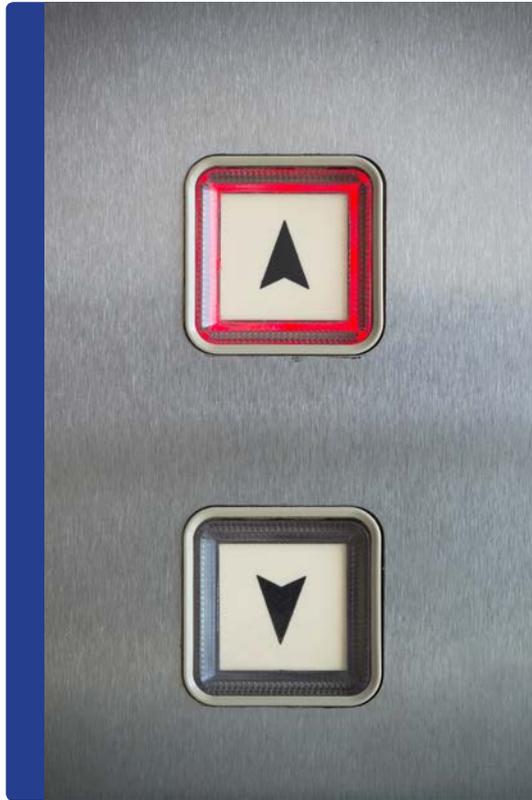
Of the total 93 additions, six were captive insurance entities, four were protected cell companies (PCC), 76 were PCC cells, one was an incorporated cell company, four were incorporated cell company cell and two were life policy PCC cells.

In total, Guernsey is now home to 837 captive insurance entities.

Guernsey recently celebrated 20 years since the introduction of protected cell companies.

The PCC legislation became effective for Guernsey's captive insurance sector on 1 February 1997, following development of the concept from Steve Butterworth, director of insurance at the Guernsey Financial Services Commission between 1988 and 2003.

Dominic Wheatley, CEO of Guernsey Finance, commented in February: "The fact Guernsey's cell company concept has been copied by finance domiciles across the world, with thousands of PCCs and cells employed across the insurance, funds and private wealth sectors, is a tribute to the genius of Butterworth's simple idea."



Lufthansa merges Delvag captives

The Lufthansa Group has merged its captive insurance companies Delvag Rückversicherungs-AG (Delvag Rück) and Delvag Luftfahrtversicherungs-AG (Delvag), effective 7 March.

According to Delvag, the aim of the merger is a long-term strengthening of the combined capital base and competitiveness.

In October 2015, the executive boards of Delvag and Delvag Rück opted for a new entrepreneurial course that involved the merger of the two companies.

Under the merger, the board has opted to change the company name to Delvag Versicherungs-AG. The new executive board will include Frank Hülsmann and Reiner Siebert, the firm's headquarters will remain in Cologne.

The former Delvag Rück staff will continue to write reinsurance business as a new reinsurance division within Delvag Versicherungs-AG.

Hülsmann said: "With the merger of Delvag Rück and Delvag, we are bundling our competencies in the areas of direct insurance and reinsurance."

"What's more, in this way we can make our internal organisational structures, our decision-making processes and control

mechanisms much more effective, and put more focus on the development of our business," Hülsmann added.

Siebert added: "Our new company name, Delvag Versicherungs-AG, clarifies our position of being more than a specialist aviation insurer."

"The merger enables us to further develop other segments, which will be to the benefit of our reinsurance business in particular. This will enable us to be an even more trustworthy, experienced and innovative player in the international insurance market."

Arc Legal launches tax product

Arc Legal Assistance has launched a new tax product, offering specialty tax investigation insurance for UK accountancy firms.

The new product, Arc Tax Assistance, provides cover for accountancy costs resulting from HM Revenue & Customs enquiries about a business or individual's tax returns.

For larger accountancy practices, it offers a range of risk-sharing options to develop cover for captive and self-insurance models.

Options are available for regulated accountants to provide insurance to their business and personal customers, and for non-regulated accountants to cover the costs

they incur in providing a service to handle enquiries into their customers' submissions.

As part of the launch, Richard Hainsworth will join the company as head of tax assistance.

He will be responsible for growth and operational development of the new products.

R&Q bags Bermuda captive

Randall & Quilter (R&Q) American Holdings has snapped up the Bermuda reinsurance captive of AmeriPride Services and AlSCO.

Linco Limited, domiciled in Bermuda and reinsurer of worker's compensation and general and automotive liability for the uniform rental and linen supply companies, went into runoff in 1985.

The sale of Linco is still subject to regulatory approvals, which R&Q expects to receive within 30 days.

Ken Randall, chairman and CEO of R&Q, said: "We are delighted to announce the acquisition of Linco, subject to regulatory approvals."

"This transaction continues to demonstrate our market leading position, providing captive legacy solutions across Bermuda, North America and Europe."

"This is further proof of our rapidly growing success in the runoff market."



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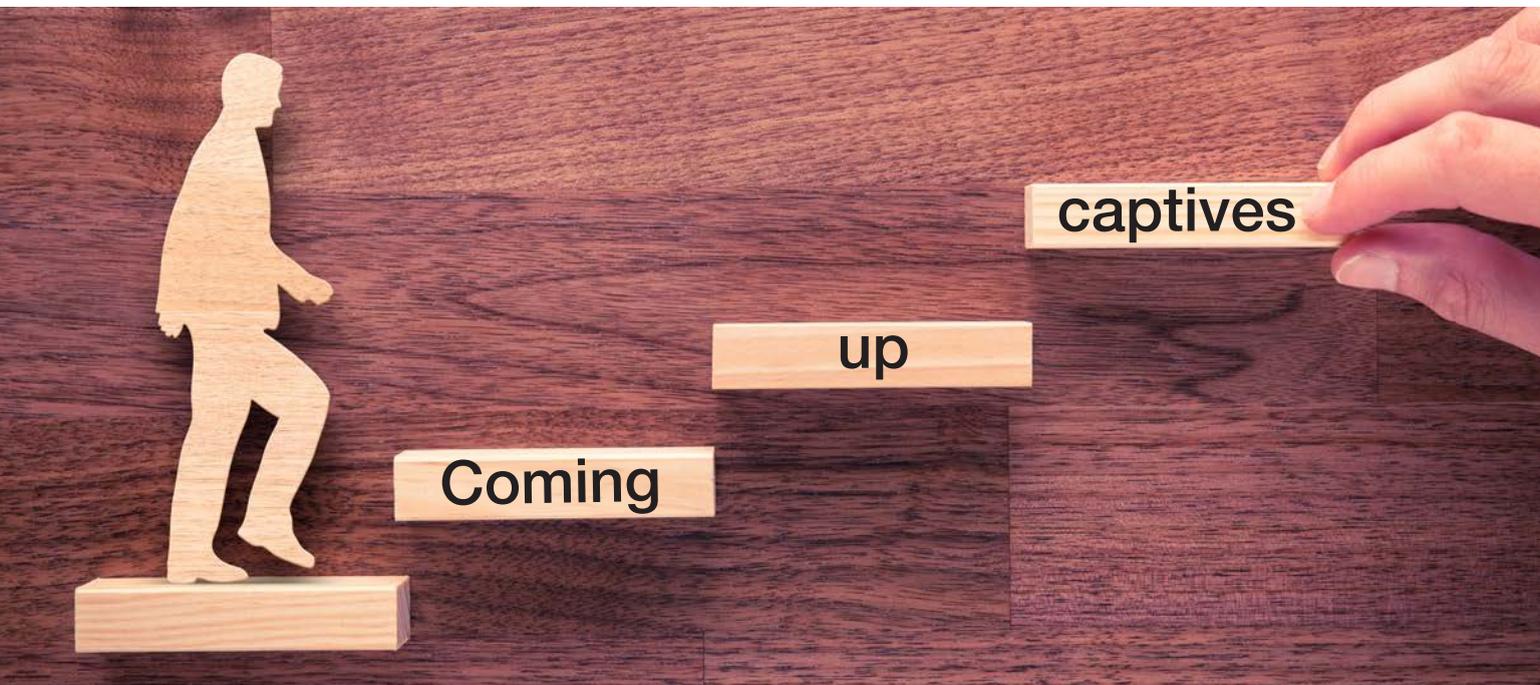
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Disruption was the theme of the recent CICA International Conference in San Diego, where a new president was welcomed, the next generation of professionals was groomed and a regulatory shake up was previewed

This year's Captive Insurance Companies Association (CICA) International Conference was Dennis Harwick's last as president.

At the event, held in San Diego earlier in March, Harwick thanked the many professionals he has had the pleasure to work with during his 12 years in the role. Harwick said: "My goal was to make partners throughout the industry and make CICA a domicile-neutral association for the whole captive world and you can't do it alone. I have been blessed with hardworking administration staff. I thank you for the honour of having served as your president and I appreciate it."

Dan Towle, director of financial services for Vermont, will take over from Harwick in April and is set to participate in his first CICA board meeting in June.

As well as celebrating Harwick's time at CICA, two awards were distributed for contributions to the captive insurance industry. Karin Landry, managing partner of Spring Consulting Group, received the 2017 CICA distinguished service award, while Fiat Lux Risk and Insurance Company was presented with the 2017 outstanding captive award.

Disruptive times

The theme of this year's conference was defying disruption, which Harwick suggested was fitting because of the amount of discussion around the topic in the industry. The keynote speaker, Lindsey Pollak, a millennial workplace expert, revealed that by 2018, a quarter of the insurance workforce is set to retire, which she described as "disruption at its definition".

Pollak encouraged delegates to include the younger generation in their business plans and decisions. She suggested that training

and educating millennials could be a big opportunity for businesses and corporations.

A good example of the younger generation getting involved in the captive insurance industry is the Butler University College of Business, which is launching a student-run insurance company on 1 May this year. The Butler captive will insure certain programmes, including the live mascot, Butler Blue III, and any physical damage to university vehicles.

The aim of the captive is to give students hands-on experience and prepare them for an industry that expects to need tens of thousands of new employees over the next seven years.

In another session, panellists discussed the rise of technology and how it is driving captive growth, as trickier coverages are required to cover new risks.

Michael Serricchio, senior vice president in the captive advisory group at Marsh, noted that non-traditional coverages, such as employee benefits, supply chain, cyber, political risk and medical stop-loss, have increasingly been put into captives over the last few years due to advances in technology.

Technology-reliant industries, such as financial services and media, are also among the biggest users of captives, with the former writing up to \$19 billion in premiums and the latter \$4.9 billion.

Another panellist, Karl Pedersen, senior advisory specialist at Marsh, pointed to cyber as the most inevitable risk to arise from technology advances, with hacks becoming more of a question of when than if.

Many types of assets exist within organisations, including intellectual property and data that are vulnerable to cyber attacks, according

to Pedersen. Breaches should be dealt with in three assessment phases, covering risk/loss, damages and coverages.

The panel noted that coverage of cyber policies has started to broaden, with lines including terrorism and property damage.

When asked if commercial insurance or captive insurance was better for cyber coverage, Pedersen said that it depends on the needs of the business, but captives might be able to do what commercial insurers cannot.

Micro captives were also part of many discussions at this year's conference, after the US Internal Revenue Service's (IRS) renewed interest in them with Notice 2016-66.

In one panel, Dana Sheridan, general counsel and chief compliance officer of Active Captive Management, and Jeffrey Simpson, director at law firm Gordon, Fournaris & Mammarella, launched a staunch defence of 831(b) insurers.

Sheridan said that small- and medium-sized entities are having a hard time of it right now simply because there is a misperception in Washington DC about the captive industry.

She said: "The IRS admits in Notice 2016-66 that they don't actually know who the bad ones are, and they list stuff that they think is bad and request to hear from everyone required."

Released in November last year, Notice 2016-66 formally labelled 831(b) captives as 'transactions of interest'. The IRS required them to report to the federal agency by 30 January 2017 due to their potential for tax avoidance or evasion. That deadline was subsequently pushed back to May.

The IRS has long been worried that captive arrangements such as those that elect to be taxed under Section 831(b) are fronts for tax avoidance or evasion. The IRS named micro captives in its annual 'Dirty Dozen' tax scam list in February, for the third year in a row.

Simpson suggested that the captive insurance industry needs one or two examples for guidance and to provide standards before it can readjust.

He said: "If there is anything that we as an industry need to do differently, we will do that accordingly, and if the IRS needs to adjust, they will do that. I think there is a bright future for 831(b) captives."

Skip Myers, partner of the insurance group at Morris, Manning and Martin, and Jim McIntyre, partner of McIntyre & Lemon, raised concerns about the reputation of the captive industry.

Myers suggested that the IRS's Notice 2016-66 adds a "taint" to the industry. He said: "The notice has already had a chilling effect on the industry, along with the requirements of the PATH Act, which are essentially aimed at getting rid of the opportunity for state planning or transfer of wealth from one generation to another and avoiding gift tax."

He added: "It's taking its toll and it is going to continue to be an issue for the whole captive industry."

McIntyre suggested that there is nothing wrong with taking the 831(b) election if a captive qualifies.

He said: "The real issue is whether the captive is being set up for purely insurance purposes or whether it is being set up for wealth transfer and state planning purposes."

"The issue is what that is going to do to the reputation of the captive industry. I think the captive industry should be concerned," McIntyre added.

According to Myers, CICA's position has always been to do captives right and not be driven by their tax benefits. He said: "Unfortunately, there are others who think the tax part of it is more significant than the risk management part of it."

The panel also spoke about the recent completed covered agreement between the US and the EU.

The US Treasury and the Office of the US Trade Representative (USTR) completed negotiations with the EU on 13 January.

The agreement provides a mutual agreement of prudential supervision in the EU and the US, which will eliminate the increasing barriers to US groups operating in Europe.

The panel explained that the agreement was needed because the European Commission has not deemed the US as an equivalent jurisdiction for the Solvency II Directive, which means US companies would need to cover a lot of requirements to do business in the EU.

The panel said it eliminates the requirement for a local place of business for the host jurisdiction and eliminates the requirement for collateral. The agreement applies to companies that have more than \$250 million in capital and the same in euro for EU countries.

According to Myers, there has been an interesting reaction to this agreement. The National Association of Insurance Commissioners (NAIC) has been particularly troubled by it. Although it wasn't a part of negotiations, it was an observer.

Still, the NAIC has raised concerns about not being able to vote on the decision and transparency, and is concerned about the provision in the agreement for foreign jurisdictions to have regulatory authority over a US company.

Myers said the NAIC is looking at the agreement and is preparing amendments to submit to the US Treasury.

Other bodies, including the Reinsurance Association of America, believe the agreement brings some predictability to their members' participation in the European markets, and vice versa, according to Myers.

While the agreement might not have any direct effect on captives, it could eliminate some barriers and stabilise pricing, which is good for captives, according to McIntyre.

Finally, the panel discussed possible changes around the Affordable Care Act (ACA).

The panel explained that although President Donald Trump and Republicans want to repeal or replace the ACA, it's unclear what the replacement will ultimately look like.

Myers said: "The change, on balance, could be good for captives".

"Captives now, even under the ACA, have grown in the healthcare space in terms of medical stop-loss for employer plans and that will continue to grow."

"The fact the states will be more involved [will be positive]. I think we are heading for a system where there is more state control, which I think that is a good thing for captives." **CIT**

Bermuda is bidding for LatAm business

Appleby and Bermuda are optimistic about the future of Latin American captives. Eduardo Fox explains



How is Latin America shaping up as a source of business for Bermuda?

The market has developed quite significantly and is now accelerating. However, Brazil is currently 'closed' to the international reinsurance market. Bermuda does have a signed tax information exchange agreement (TIEA) with Brazil but that is not in effect yet. Brazil is currently undergoing a political adjustment as its first priority, but we are continuing negotiations with the Brazilian authorities of the newly implemented and pro-business regime and we are hoping for a happy resolution in 2017.

Latecomers to the market such as Peru and Chile, and returners or redomicilers such as Argentina and Panama, continue to form new captives and other similar, or more commercial, reinsurance companies. Based on information from sources at Appleby, the Bermuda Monetary Authority (BMA), some members of the Bermuda Insurance Management Association (BIMA) and Bermuda Business Development Agency (BDA), a third of all captives incorporated in Bermuda in 2013 and then 2015 and 2016 had a Latin American origin.

The parent companies were some of the largest in their own countries—mainly from the fields of natural resources and energy distribution—but also within the client banking and telecommunications areas, which clearly shows quality over just quantity.

Which countries in Latin America are forming the most captives?

By far Colombia and Mexico, in that order, but as a result of the latest business development by Bermuda as a whole, we should see a very healthy increase over the already exponentially growing market in 2017 and beyond.

We are not only seeing and working on new captive formation, but we have also seen already-formed captives relocating to Bermuda from several offshore jurisdictions in the Southern Atlantic and Western Europe, including those based in the Mediterranean. These captives are cashing in on Bermuda's reputation, highly developed regulatory environment and established international treaties.

Is regulation a big factor holding back Latin America?

We see the high regulation in those markets not as a problem but as an opportunity to assist in bringing such clientele up to a higher mark of sophistication and competitiveness within the overall international community.

Of course it hasn't been easy, but Bermuda has been very patient and thorough in its business development to the whole of Latin America. Contrary to some belief, Latinos do have cultural differences, particularly political and economic and, rightly so, we have had to learn and adapt.

Connections with the main regulatory bodies in those countries, through various Bermuda government administrations, have given Bermuda a distinct advantage over all other offshore jurisdictions. This has greatly helped our clientele in the region, through many business development visits, educational seminars and presentations, and the regular flow of key legal and financial information, to and from their countries. So, yes, several but very methodical steps have been taken, as we continue learning the business culture and staying a step ahead of regulatory environment changes. We witnessed the

major tax and energy reforms in Mexico and Colombia and political/economical transformations in Argentina, Brazil, Peru and Chile, which we adjusted to rapidly and well.

What other challenges is Latin America facing?

Consistent studies and analyses of the potential effects of the constantly moving regulatory environment have allowed us to stay a step ahead, and make us current in adapting to any newly established reporting systems, greatly assisting us in advising our Latin American clientele. For example, we have clients under the Foreign Account Tax Compliance Act, Solvency II and common reporting standards, for which international governments throughout the world give Bermuda very high marks and recognition.

What does the future hold for Latin America?

The Colombian and Mexican markets are growing exponentially, so we expect big things from them in the foreseeable future. I recently visited Bermuda after two consecutive business development trips in late January and mid-February, first to Florida and then Mexico. I noted polite interest from potential Latin American clientele, and actual direct instructions to begin the formation of captives from multiple Latin American companies based in Mexico and South America.

There is also Argentina, Peru and Chile, which are all experiencing economic and political revivals, with the latter two now having incorporated their first captives, both in Bermuda, and Argentina reopening its business environment globally following the election of a pro-business president and cabinet.

For example, Argentina has put its TIEA with Bermuda into effect, meaning that unlike simply signed ones, all mutual benefits agreed by both countries under the treaty are officially and immediately exercised. It took only until the latest change in that country's government for Bermuda to form its first Argentinean captive.

We expect this to be only the beginning of a new era for Latin American captives due to Bermuda's constant innovation, vigilance and adaptation to the ever-changing international regulatory environment. As you can see, we at Appleby and Bermuda are very optimistic about the future of the Latin American captive and overall reinsurance market. **CIT**

Eduardo Fox
Manager for the
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Comings and goings at CICA, Hanover Stone Partners and more

Vermont's Dan Towle is the new president of the Captive Insurance Companies Association (CICA).

He will take over from the retiring Dennis Harwick on 24 April, and will take part in his first CICA board meeting on 9 June.

Towle has been a mainstay of captive insurance since 1999.

He has served as the director of financial services for Vermont, putting him at the centre of marketing and business development for the state's growing captive insurance industry, which is largely held as one of the best in the world.

Within state government, Towle advises Vermont's governor and secretary of commerce on new legislation and policy recommendations, so he's highly practised at talking to legislators and pursuing an agenda that is beneficial to captive insurance.

He is also active within the Vermont Captive Insurance Association and a current member of the Risk & Insurance Management Society.

CICA board chair Michael Bemi, who is president and CEO of the National Catholic Risk Retention Group, said: "Dan Towle brings the mix of industry knowledge, passion and new strategies that we felt were the best fit for CICA's next chapter."

"He has built strong relationships across the captive industry, and has worked successfully with businesses and captive colleagues to help shape Vermont's success."

Towle said: "I am both humbled and excited to be CICA's next president. CICA has a long history of strong leadership, advocacy and providing unbiased information, continuing that tradition and delivering value for our members is a top priority for me."

Commenting on his career in Vermont, Towle said: "I am proud of our growth and all that we have achieved together. I am fortunate to have worked alongside some of the most talented individuals in all of

captive insurance, including legends, Len Crouse and David Provost. I am thankful for the knowledge and insight they and fellow leaders in the broader captive insurance industry have passed down to help shape my own understanding and experience."

Sarah Pacini has been elected chair of the CICA board of directors, replacing Michael Bemi.

Pacini, previously vice chair of the board, also serves as CEO of the Cooperative of American Physicians.

In addition, Joel Chansky, principal and consulting actuary of Milliman, has been elected vice chair, while Steve McElhiney, president of EWI Re and director of Tall Pines Insurance Company, has been elected secretary/treasurer of the CICA board. The board also re-elected Ken Arguello, senior director of risk management at Schwarz Partners, to a three-year term as a director.

Finally, Carol Frey of the Great American Insurance Group and Michael Scott of Agrinational Insurance Company were elected to three-year terms as board directors.

Hiscox has named Shree Khare as its new group head of catastrophe research.

Khare will lead the research that directly informs the company's own view of risk and its underwriting strategies for catastrophe perils, working closely with Hiscox London Market and Hiscox Re.

He will also manage catastrophe analyst research carried out around the group and develop the insights that support value-added partnerships with brokers, clients and modelling firms.

In his new role, Khare will report to Rob Caton, head of underwriting risk and reinsurance at Hiscox.

Caton said: "Developing our own view of risk is an essential component of our underwriting strategy across the group, particularly

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in well established catastrophe lines where tough market conditions continue to pose a challenge.”

Caton added: “Shree Khare’s expertise is a welcome addition to our catastrophe risk capabilities and I look forward to introducing him to clients, brokers, and the Hiscox team.”

The American Bar Association (ABA) has named Bruce Wright as chair of the captive insurance committee.

Wright’s three-year term will begin on 16 September this year.

The ABA provides legal education for lawyers and others.

The captive insurance committee’s mission is to “further educate those who work with captive insurance companies and related alternative risk transfer structures and transactions”.

In his new role, Wright will be responsible for promoting the participation of lawyers in section activities and encouraging them to become further involved in substantive work in the area.

Wright currently serves as vice chair for the captive insurance committee, and as a partner of the Eversheds Sutherland New York office.

Jeffrey Friedman, US tax practice group leader at Eversheds Sutherland, said: “Bruce Wright is a sound choice to serve in this important leadership role in the section.”

“This honour is a true reflection of the dedication he has shown to his clients in the field of captive insurance, and we are proud of him.”

Julie Page has been named CEO of Aon Risk Solutions in the UK, effective 1 April.

Page takes over the role from Andrew Tunnicliffe, who has been at Aon since 2005. Tunnicliffe has served in senior leadership roles within Aon Risk Solutions in Europe, the Middle East and Africa (EMEA) and Aon Global Risk Consulting, as well as Aon Risk Solutions UK.

Previously, Page worked at Marsh as CEO of the commercial and consumer division. She moved to Aon in 2016 to lead the national Aon Risk Solutions business in the UK.

John Cullen, CEO of Aon Risk Solutions EMEA, commented: “Page’s experience and proven leadership ability will enable our risk solutions business in the UK to create even greater value for our clients.”

“At the same time, clients will continue to benefit from Tunnicliffe’s experience as he stays with the firm to focus on client facing work. We would like thank him for his contribution as CEO of Aon Risk Solutions UK.”

Hanover Stone Partners (HSP) has appointed John Capasso, Jerry Ferris and Evan Busman as senior risk advisors to the company’s captive specialty practice, CaptiveGuard.

In their new roles, the trio will lead CaptiveGuard, which provides governance and related advisory services for captive insurance companies and their parent organisations.

John Kelly, founder and CEO of HSP, said: “Even as the commercial insurance market continues to offer competitively priced policies, businesses, industry associations and government entities remain committed to alternative risk transfer solutions, including captives.” **CIT**

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Editor: Mark Dugdale
markdugdale@captiveinsurancetimes.com
+44 (0)203 750 6017

Deputy Editor: Stephanie Palmer
stephaniepalmer@blackknightmedialtd.com
+44 (0)203 750 6019

Reporter: Becky Butcher
beckybutcher@blackknightmedialtd.com
+44 (0)203 750 6018

Contributors: Barney Dixon, Drew Nicol

Associate Publisher/Designer: John Savage
johnsavage@captiveinsurancetimes.com
+44 (0)203 750 6021

Publisher: Justin Lawson
justinlawson@captiveinsurancetimes.com
+44 (0)203 750 6028

Marketing Director: Steve Lafferty
design@securitieslendingtimes.com
+44 (0)203 750 6021

Recruitment Manager: Chris Lafferty
chris@assetserVICINGtimes.com
+44 (0)203 750 6024

Office Manager: Chelsea Bowles
accounts@securitieslendingtimes.com
+44 (0)203 750 6020

Office fax: +44 (0)20 8711 5985

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Black Knight Media Ltd
Provident House
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Beckenham
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