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The primary source of global captive insurance news and analysis
ISSUE139 10 January 2018

Running into problems

Why companies end up in run-off and how SOBC Sandell can help

Latest news

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People moves

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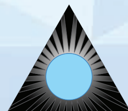

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831(b) premium limit increases to $2.3m

The US premium limit for the section 831(b) tax election has risen by $100,000 from $2.2 million to $2.3 million for the 2018 tax year.

The increase was made by the Internal Revenue Service as part of its 2018 inflation adjustments.

The adjustment is a result of the provisions put in place as part of the Protecting Americans from Tax Hikes (PATH) Act of 2015, which amended section 831(b) of the US tax code. Under section 831(b) of the tax code, captive insurers that qualify as small insurance companies can elect to exclude limited amounts of annual net premiums from income, so that the captive pays tax only on its investment income.

The amendments to the PATH Act, which came into effect 1 January 2017, increased the maximum allowable premium an insurer can take in and still qualify for the tax election from $1.2 million to $2.2 million with inflation adjustment provisions for future years.

Although the figure is significantly smaller than the $1 million rise in 2017, the limit increase should add value to those captives near the current premium limit and open the door for other companies to explore the benefits a captive insurance company can provide.

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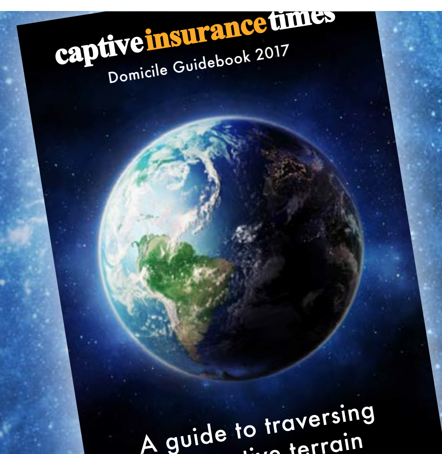

UVM Health Network relocates captive insurer to Vermont from Bermuda

The University of Vermont (UVM) Health Network is set to relocate its captive insurance company from Bermuda to Vermont.

The move comes as a result of a unanimous decision by the board of directors of VMC Indemnity Company, the health network subsidiary, which provides medical malpractice insurance coverage for its medical providers.

As a consequence of the decision, a non-profit corporation will be established to become the UVM Health Network's captive insurer.

The approval process it seeks from the Internal Revenue Service to operate as a tax-exempt organisation, could take up to a year.

The redomestication will have no impact on the providers insured by the plan, or on healthcare cost in Vermont.

John Brumsted, president and CEO of the UVM Health Network and VMC Indemnity Company board member, said: "It is clear we can continue to provide low-cost, predictable insurance coverage to our providers if the company is located in Vermont."

He added: "We strongly believe in doing business locally whenever possible, so we're happy that being in Vermont is the best business decision in this case."

Governor Phil Scott stated: "Our captive insurance industry is a shining example of what can be accomplished when we work together to provide and grow good jobs here in Vermont."

"We're pleased the UVM Health Network is moving their captive insurance plan home to Vermont, and hope this sends the message loud and clear to more organisations that this is a great place to do business and the best place to domicile captives."

Aegon agrees to sell part of its US run-off business to SCOR

Aegon has agreed to sell a block of its reinsurance business to SCOR.

As part of the agreement, Aegon's Transamerica life subsidiaries will reinsure approximately $750 million of liabilities to SCOR.

Aegon will also dissolve a related captive insurance company in place to finance redundant reserves and will redeem $475 million of operational leverage supporting that captive.

The agreement is consistent with Aegon's strategic objective to reduce the amount of capital allocated to its run-off business.

Approximately half of the life reinsurance business that Transamerica retained, after divesting the majority of its reinsurance business to SCOR in 2011, is covered in the transaction.

The transaction is expected to have a one-time benefit of approximately $75 million on Transamerica's capital position and a marginally positive effect on recurring capital generation.

Future underlying earnings aren't affected by the deal because earnings of this block of reinsurance business are part of run-off businesses, which aren't included in underlying earnings before tax.

A pre-tax International Financial Reporting Standards loss of approximately $125 million is expected as a result of the transaction and will be reported in its Q4 2017 results.

Randall & Quilter acquires Guernsey-domiciled captive in run-off

Randall & Quilter Investment Holdings (R&Q) has acquired Constantia Insurance Company from Old Mutual (OM).

The Guernsey-domiciled captive, which is now in run-off, will be amalgamated into Capstan Insurance Company, R&Q's consolidation vehicle in Guernsey.

Between 2003 and 2017 Constantia wrote professional indemnity and crime programme insurance to various OM companies.

At the end of 2016, Constantia reported a loss before tax of £2.4 million.

The transaction will be settled in cash and financed from the group's existing resources, with the agreed purchase price of £1.5 million, representing a small discount to Constantia's pro-forma net assets of £3.4 million.

Ken Randall, chairman and CEO of R&Q, said: "We are delighted to have acquired Constantia and this continues to demonstrate the ability of R&Q to provide exit solutions for end of life captive insurance companies."

He added: "This continues our excellent track record of acquiring captive insurance companies and we remain excited about our legacy acquisition pipeline."

Regulatory approval for the acquisition has been granted subject to necessary consents.

Echelon Financial Holdings ratings affirmed by A.M. Best

A.M. Best has affirmed the financial strength rating and long-term issuer credit rating of Echelon Insurance (Echelon) and The Insurance Company of Prince Edward Island (ICPEI) and its parent company Echelon Financial Holdings (EFH).

A.M. Best assigned a “B++ (good)” financial strength rating to both Echelon and ICPEI.

It also affirmed the long-term issuer credit rating of Echelon as “bbb+”, ICPEI as “bbb” and its parent company EFH at “bb+”.

Echelon’s ratings are reflective of its balance sheet, categorised as “very strong”, in addition to its marginal operating performance, neutral business profile and appropriate enterprise risk management (ERM).

Partially offsetting these rating factors is Echelon’s concentration within Ontario’s auto market, with results affected by accident claims severity over the last five years, in addition to strong competitive market pressures.

The ratings of ICPEI reflect the “adequate” strength of its balance sheet, its adequate operating performance, limited business profile and appropriate ERM.

ICPEI’s ratings are offset by the impact of weather-related underwriting losses in recent years.

The potentially greater financial flexibility derived from their parent company is also considered in the ratings of Echelon and ICPEI, as is its risk-adjusted capitalisation, operating earnings and low exposure to losses from natural catastrophes given each company’s respective focus.

According to A.M. Best, EFH’s ratings are based on the overall financial strength of Echelon and ICPEI, as well as its captive insurer CIM Reinsurance Company and specialty insurance agency CUISA Managing General Agency Corporation.

A.M. Best suggested that positive rating actions could occur for both Echelon and ICPEI should operating results improve to a level that materially outperforms that of similarly rated carriers.

Negative rating actions may occur if operating results decline due to a weakening in underwriting performance or if the relation to EFH changes in a manner that affects company operations.

Telefonica captive ratings affirmed as ‘excellent’ by A.M. Best

A.M. Best has affirmed the financial strength rating of “A- (Excellent)” and the long-term issuer credit rating of “a” of Nova Casiopea Re (NCRe).

The financial strength rating of “A- (Excellent)” and the long-term issuer credit rating of “a-” of Casiopea Re (CRe) have been withdrawn by A.M. Best because the company has stopped conducting insurance operations.

NCRe is a captive reinsurer of Telefónica, a Spanish multinational broadband and telecommunications provider operating

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Earlier this year, NCRe replaced CRe as Telefonica's main reinsurance captive and assumed the run-off liabilities of CRe.

NCRe's ratings are reflective of its balance sheet strength, which A.M. Best categorises as very strong, in addition to its adequate operating performances, neutral business profile and appropriate enterprise risk management.

A.M. Best suggested that NCRe's balance sheet strength "is driven by the strongest level of risk-adjusted capitalisation, supported by an excellent level of liquidity managed through conservative investment guidelines".

The ratings agency expects NCRe to generate €56 million of gross written premiums during 2017, its first year of operation.

NCRe is managed by the same personnel that managed CRe for more than 10 years, which according to A.M. Best, means there is a substantially reduced execution risk associated with the new captive due to the managements' proven track record.

Offsetting the rating partially is the level of catastrophe risk that the company is exposed to, which is likely to cause volatility.

Cayman to match success of 2016

The Cayman Islands' international insurance industry is on track to repeat the success it enjoyed in 2016, according to the incoming chair of the Insurance Managers Association of Cayman (IMAC), Erin Brosnihan.

Brosnihan said that 2017 has been another successful year for Cayman, with nearly $12.5 billion in premiums having been written from over 730 licenses at the start of Q4.

The full end of year results will be released in January, and the incoming chair suggested that those figures, along with the recent confirmation of Cayman as a 'cooperative' jurisdiction by the EU, are a symbol of the large strides made toward Cayman being the "number one jurisdiction of choice".

Brosnihan takes on the role after Linda Haddleton sadly passed away last year.

Brosnihan said: "To continue Linda's fierce commitment to drive Cayman's international insurance industry forward, we have an exciting year ahead in 2018."

She added: "We aim to cement our position as the world's leading jurisdiction for insurance. I'm delighted to move into 2018 as the chair of such a forward thinking and ambitious organisation."

A.M. Best affirms Houston Casualty Group and HCC Life ratings

A.M. Best has affirmed the financial strength rating of "A++ (Superior)" and long-term issuer credit ratings of "aa+" of both the property and casualty members of Houston Casualty Group and of HCC Life Insurance Company (HCC Life).

The outlook of these credit ratings is stable.

The ratings given to the property and casualty members of the group are reflective of the strength of its balance sheet, which A.M Best categorises as strongest.

It also takes into account the Houston Casualty Group's strong operating performance, favourable business profile, and extremely strong risk management of the consolidated operations.

The ratings also recognise its risk management support provided by Tokio Marine & Nichido Fire Insurance, the lead insurance company in the Tokio Marine Holdings organisation.

HCC Life's ratings reflect its very strong balance sheet strength, strong operating performance, neutral business profile, very strong enterprise risk management, as well as the enhancement it receives from its affiliation with the Houston Casualty Group.

A.M. Best adds: "While profitability ratios have declined over the past few years due to declining investment yields and a modest increase in its loss ratio, HCC Life's disciplined underwriting approach and ongoing expense management has resulted in favorable earnings over the most recent five-year period."

Offsetting these positive ratings fractionally is HCC Life's focus in the medical stop-loss line of business. Having exited short-term medical insurance, the company has been left with a modest amount of premiums and operating earnings outside of its medical stop-loss business.

WTW Securities completes €90 million catatstrophe bond for Covea

Willis Towers Watson Securities has structured and placed €90 million of insurance-linked securities (ILS) for Covea Mutual Insurance Group, France's largest domestic property and casualty insurance group.

The Hexagon Reinsurance DAC catastrophe bond, which settled 15 December, provides Covea with two €45 million tranches of full collateralised protection against windstorm risk in France over a four-year period.

The structure includes an indemnity trigger on an annual aggregate basis with terms mirroring the traditional reinsurance placement, which will ensure effective integration within the overall property catastrophe reinsurance programme.

The transaction was executed in collaboration with Willis Towers Watson's reinsurance business, Willis Re.

Bill Dubinsky, head of ILS at Willis Towers Watson Securities, said: "We are proud to have supported Covea in its inaugural catastrophe bond transaction. Investors were eager to support the transaction. Hexagon diversifies Covea's sources of reinsurance capacity with competitive pricing."

He continued: "This is a unique transaction as it is the first time a European catastrophe bond has supported capacity at the bottom of a traditional reinsurance programme, as well as the first time a European indemnity-trigger catastrophe bond was placed on an annual aggregate basis."

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Alkis Tsimaratos, managing director of Willis Re Europe, the Middle East and Africa, added: “We are delighted at the multiple results achieved in this transaction. In addition to opening up a new source of capital for Covea’s reinsurance strategy, Hexagon offers a stable multi-year commitment at attractive terms, in the middle of a challenging renewal market, marked by future price uncertainties.”

Global reinsurance outlook remains negative, according to A.M. Best

A.M. Best’s outlook for the reinsurance market segment remains at negative due to the current uncertainty surrounding any improvement in the market environment.

However, the ratings agency does expect a slight improvement in overall market conditions over the near term following the catastrophic events in Q3 2017.

According to Best’s Briefing, “Market Segment Outlook: Global Reinsurance”, the market was able to absorb the events of 2017 and balance sheets will remain solid going into the January 2018 renewal season, but Q3 earnings were down on historical trends.

Any near-term market improvement may be relatively short-lived given the present level of excess capacity in the overall market.

A.M. Best estimated a combined ratio of approximately 110 percent and a return on equity of negative 1 percent in 2017 for A.M. Best’s global reinsurance composite, and a modest average return of equity of approximately 8 percent over five years between 2012 and 2017.

Positive factors such as a strengthening global economy, rising cession rates and further merger and acquisition activity could see the rating agency revise the global outlook from negative to stable.

Robert DeRose, senior director at A.M. Best, added: “A potential increase in demand from government risk pools such as the National Flood Insurance Plan in the US, as well as opportunities in cyber, mortgage and other emerging risks should allow for greater utilisation of available market capacity.”

A.M. Best suggested that companies with robust balance sheets, diverse business portfolios, broad geographic scope and advanced distribution capabilities remain better placed to withstand the pressures of the operating environment and to target profitable opportunities when they arise.

Compre acquires two portfolios from Assicurazioni Generali

Reinsurance legacy specialist Compre has agreed to acquire two portfolios of business from the UK and US branches of Assicurazioni Generali.

The acquisition, which includes APH and some UK employers liability business and represents combined liabilities of around €300 million, is Compre’s eighth of 2017 and its largest to date.

The deal is the first legacy transaction undertaken by Generali and represents part of its strategy to optimise capital allocation and boost operational efficiency.

The transaction is an upfront reinsurance solution by way of a loss portfolio transfer for both branches.

Legal business transfer for the liabilities for the UK branch portfolio will follow, subject to regulatory approval, while the US branch will remain as a longer-term reinsurance solution until appropriate legal transfer processes become more widely available in the US.

Compre has now acquired a total of 29 portfolios, as well as 11 companies with discontinued business.

Nick Steer, CEO of Compre, said: “In acquiring these portfolios Compre has completed its largest deal to date and our first with an Italian counterparty. Competing successfully in such a highly competitive process clearly demonstrates our appetite and ability to undertake larger-scale transactions and the high regard in which Compre is held by highly reputable reinsurers/insurers across Europe.”

North Carolina captive figures to reach 600 mark

North Carolina had 19 stand-alone captive applications and 13 cell captive applications pending approval by the Department of Insurance, as of 6 December, according to deputy insurance commissioner Debbie Walker.

In total, North Carolina has 584 captives domiciled, of which, 199 are stand-alone captives and 385 are protected cells.

Assuming all applications are approved and licensed, there will be more than 600 captives, some of which are inactive, domiciled in North Carolina.

A North Carolina Captive Insurance Association (NCCIA) newsletter suggested that the final figures for 2017 will likely be released between late January and early February.

At this year’s NCCIA conference, Walker revealed that last year the state licensed 85 captive insurance companies and approved 132 protected cells or series.

SOBC Sandell acquires ICC and PCC

SOBC Sandell has completed the acquisition of the protected cell captive company, American Staffing Assurance Company (ASAC PCC), and its incorporated cell captive, American Staffing Assurance Company of Washington (ASCWIC).

The company received regulatory approval for change of control in Washington DC on 15 December.

ASAC PCC and ASCWIC mark the sixth and seventh acquisitions made by SOBC Sandell group. As part of the deal, SOBC Sandell worked closely with the District of Columbia Department of Insurance, Securities and Banking.

Stephanie Mocatta, CEO of SOBC, said: “This acquisition provides finality for members of the protected cell captive insurance company, and its incorporated cell captive that had

entered into run-off, and was structured very similarly to our acquisition of PIARRG, a former risk retention group domiciled in Montana. The majority of the business will be handled by our excellent team in Ohio, who have the skills and experience to manage the run-off professionally."

St Julians relocates to Gibraltar from Malta ahead of Brexit

St Julians Insurance Company, a UK-focused motor insurer, has redomiciled from Malta to Gibraltar.

The move will allow St Julians to continue to write insurance for the British market in the event that Britain leaves the single market during Brexit.

Insurers domiciled in both Malta and Gibraltar can currently write insurance in Britain, however in the event that Britain leaves the single market those operating from Malta will no longer be able to sell insurance into Britain. However, as a British overseas territory, Gibraltar-based insurers will still be able to write insurance for the British market.

In contrast, insurers operating in Gibraltar with a large focus on the European market may look to move in the opposite direction.

Nigel Feetham, partner at Hassans, refers to this potential movement of insurers as his "two way Brexit strategy".

According to Feetham: "The UK Government has publicly confirmed the continuation of the common market between the UK and Gibraltar post-Brexit.

This should preserve passporting rights for Gibraltar companies writing business into the UK and therefore provides a Brexit solution that say a Maltese (or indeed other EU company) would not have."

He continued: "At the same time there are Gibraltar-based insurers that write into the EU (non-UK business) that need an EU-based post-Brexit solution and Malta can be an attractive domicile for them."

St Julians is one of four Gibraltar-based insurance companies that Qatar Reinsurance Company (Qatar Re) signed a sales agreement to purchase from Markerstudy Group on 3 January.

Qatar Re, the reinsurer of Qatar Insurance Company Group (QIC Group), will also acquire Markerstudy Insurance Company, Zenith Insurance, and Ultimate Insurance.

Gunter Saacke, CEO of Qatar Re, stated: "Through this acquisition, Qatar Re reaffirms its commitment to supporting innovative entrepreneurship in insurance marketing, distribution, and servicing. In addition, the transaction will enable us to write UK business under any post-Brexit scenario."

Running into problems

Stephanie Mocatta and Thomas Hodson of SOBC Sandell discuss why companies end up in run-off and how the firm can help

Becky Butcher reports

How big is the current run-off market in the US? And do you expect the market to increase?

Stephanie Mocatta: We expect it to increase, however, to define how big it is, is a lot harder in the US. When considering the UK and Europe, which is where you seem to get much more information, it appears simpler.

For example, if you look at the PWC 2016 survey, it revealed that the UK and Europe reported approximately €250 billion of liabilities in run-off.

The problem with the US is the reporting isn't quite the same and accumulating the data isn't so easy.

There are companies that we would have considered that should be in run-off, under the UK or EU legislation, but in the US that same firm will continue trading.

To give an overview of market size, there are around 2,500 property casualty companies in the US, with a lot of those being very small.

The top five account for around 85 percent of the total premium in the US, so there's an enormous number of small property and casualty companies.

There are approximately 6,000 captives and risk retention groups (RRGs), depending on how you count captives in each state. It's an enormous market space for us.

Thomas Hodson: Yes, on the property casualty side, I'm not sure we could handle too many more opportunities, we're very busy.

We're getting a lot of opportunities from US regulators.

They would rather get us involved in a project, or recommend us to a company whose financials are of concern to see if we can provide a solution to prevent the company from deterioration.

How does SOBC Sandell fit into the run-off process?

Hodson: Regulators don't like insolvencies, and we can be a helpful resource.

We like to get involved with distressed insurance entities, so they can be in run-off or they can be marginally solvent, or they can have a bunch of difficult claims, or they can have real trouble with their reinsurance collections.

In that way, we can be a resource for regulators and company owners looking for solutions to difficult issues.

But the sooner we can get involved, while there's still some flexibility over claims handling and there's still some cash to pay the claims because a lot of the captives we see are illiquid, the better.

In some situations, the captive has used the front company and had to put up collateral, which means they're stuck because they're insolvent on a cash basis, where all their cash is tied up in their collateral, and they've got no money to do anything, so they can't settle any claims, can't pay operating costs, and can't do anything to make their lives better.

We see between 50 and 100 opportunities a year. Some of those we know within a couple of hours if we can help, but some are already insolvent—they're too far gone.

What circumstances would cause a company to put its captive insurer into run-off?

Hodson: There was one we got involved with back in June. We told the owners and the regulators that we needed to move quickly. Cash was moving out the door at a fast pace.

Unfortunately, there was a lot of heel dragging, and ultimately we couldn't save the company.

The captive market in the US is 35 to 40 years old, with a handful of domiciles that have been in the business for many years.

There are a number of captives and risk retention groups in those more mature domiciles that have reached a natural end of life. We can provide a solution to those captives and RRG's looking to close down.

In Vermont, for example, there are about 1,100 licensed captives, and perhaps 40 percent of those captives are inactive and could be at the end of usefulness to their owners—they present a great opportunity for us.

On the property and casualty side, it's often companies in financial distress or with difficult claims, but it could also be a change of business philosophy—it could be something they want to change.

For example, one of the transactions we closed in December represents another opportunity we often see.

It was a risk retention group that wasn't distressed, it was financially healthy, but the traditional insurance market became a better option for the members, and the group was looking to close.

Often, captives are formed when coverage is unavailable or too expensive for business owners. Captives and risk retention groups can provide a better option than the traditional market.

We're in the middle of a soft market. There's plenty of capacity so prices are coming down, and they want to sell.

Mocatta: If a captive or risk retention group have someone in charge, who understands their business and know what the price should be for that insurance, then if the external market in that instance are quoting it cheaper, they should be asking if the external underwriters are wrong, but that's a wider question about soft markets.

There are also captives and RRGs that have held on to what they have because they know that it's not going to be a soft market forever, but it's got to change at some point.

The soft market and the hard market affect our business as they make things move around. If everything was always the same and moderately priced, logically and correctly priced, we wouldn't have a business.

But in hard markets, people set up captives and also look to merge them. A trend we see in the US is a lot of manufacturing companies setting up around seven or eight captives from mergers and acquisitions, when they only need one or maybe two.

Hodson: In Connecticut, for example, we have a company that is one of the largest employer in the state, and they have numerous captives acquired through merger, and they didn't need five captives. The company approached us about buying one or two of their captives—the deal is not done, but may be in the future.

Do you deal with each transaction differently? For example, do you treat a captive at the end of its life cycle differently to one that has financial troubles?

Mocatta: Our philosophy is we run those companies properly, but less expensively. There's a lot of basic stuff we do when we take something on. As an example, if the company is through with live trading, nobody cares about where the premiums are coming in from when you're in run-off, there's no more premium—so you can stop reporting on that.

We do a lot of streamlining. As part of the process, we take a step back and think carefully about what it is we have to do. How can we do it, how can we make it more efficient and question: are there things there that we simply don't need to be doing anymore?

When we acquire these companies, we have an individual business plan for each company. We have to include this as part of the submission to the regulator(s). This provides the blueprint for what we do for the next two to three years going forward.

If the business is genuinely struggling, in order to keep it solvent, you have to do a number of things: check there are no problems with the front company, it could be that there are two or three large claims out there that are life-threatening to the company, and before anything else can be done, you have to go and settle those claims to get some stability.

In January last year, we acquired an illiquid captive domiciled in Montana called PIA, in this situation we had to provide liquidity so it could actually operate. After 18 months we hope to successfully stabilised that company so we can re-extract

> Some captives, risk retention groups just want out. We'll pay them, they'll wash their hands and move on, but then with others, there can still be value, but it may not be released for years to come

Tom Hodson, General Counsel, SOBC Corp

> The earlier we can get hold of anything, the bigger the difference SOBC can make. The more room we have to maneuver, the better it is for everyone involved

Stephanie Mocatta, CEO, SOBC Corp

our cash. If it's in trouble, you have to get it out of trouble. We take it as a pragmatic approach.

The earlier we can get hold of anything, the bigger the difference SOBC can make. The more room we have to maneuver, the better it is for everyone involved.

Hodson: We view ourselves as problem solvers: for regulators who may have a problem on their hands, or captive owners, or boards of directors on the traditional side, who have difficult issues.

We've got very patient capital, which provides opportunities for us to be different. Some captives, risk retention groups just want out. We'll pay them, they'll wash their hands and move on, but then with others, there can still be value, but it may not be released for years to come.

Often, in discussing a potential acquisition, the negotiations come down to who's right on the incurred but not reported loss reserves (IBNR).

A captive owner may think the IBNR is sufficient, but we'll take a look at the claims, and our view is that the IBNR should be significantly higher.

This issue can be a hurdle to getting to a price and getting the deal done. With our partners, we can take a longer view and offer the owner an earn out, whereby we pay a bit upfront and if the owner is right and the IBNR upon acquisition is where it should be, we'll share the upside with the owner—we provide opportunity and a solution.

How long does the process take from when you receive the opportunity to completion?

Mocatta: There's a lot of decision making first about whether or not the owners actually want a solution. Once you get down to it, when there's a genuine seller, or genuine buyer, there's about a month of negotiation.

Then there's a regulatory filing where we sign the sale and purchase agreement, and once that's complete, it's down to the regulators. Some are fast, some are slow, some take weeks, and some take months—it really depends.

Hodson: On the traditional side, the regulatory process tends to take longer.

On the captive side, good regulators tend to move fast because the business is simpler. There are fewer policy holders.

Mocatta: The fastest we've ever got regulatory approval was 10 days, and the slowest was approximately a year. We plan two or three months for regulatory approval.

You expect questions on their side, and any transaction needs a willing buyer and a willing seller. Sellers tend to be more willing when the claims manager retires!

Do you have any acquisitions in the pipeline for this year?

Mocatta: In 2018, we would like to do another four or five transactions, six or seven would be even better—that includes disposal, as well as acquisitions.

However, we'll have to look at around 100 opportunities to reach that figure.

It's a skill to be able to identify if a project is worth looking at any further.

If we've got a fault, we probably look in too much detail at too many opportunities until we know it's for us or not. **CIT**

Comings and goings at Labuan IBFC, VCIA, CICA and more

The Labuan International Business and Financial Centre (Labuan IBFC) has appointed Farah Jaafar-Crossby as its new CEO.

Jaafar-Crossby assumed her new role at Labuan IBFC on 1 January 2018.

The new CEO moves over from her previous role as head of Labuan IBFC's marketing intelligence and strategic communications unit.

She takes on the role from Danial Mah Abdullah, who has served as interim CEO since 2015.

Dato Azlan Mohd Hashim, Labuan IBFC chairman, said: "[Farah Jaafar-Crossby] brings with her years of experience in financial services from both the onshore and offshore perspectives, and is the best candidate to assume the leadership role to promote Labuan IBFC."

Conyers Dill & Pearman has appointed Mark Forte as head of the law firm's British Virgin Islands (BVI) office.

Currently a partner at the international firm, Forte succeeds Robert Briant, who has led the BVI office since April 1999.

Forte, who joined Conyers in 2004, has over 20 years of litigation experience and has regularly appeared as an advocate in some of the jurisdiction's leading cases.

Commenting on his appointment, Forte said: "I feel privileged to take on this role at such a pivotal time in the BVI. Not only to lead an exemplary team of practitioners and colleagues, but to continue to support the jurisdiction as a whole, which continues to rebuild following the devastation caused by Hurricane Irma."

Christian Luthi, Conyers director and chairman, said: "I would like to thank Robert Briant for his efforts in leading and developing our BVI office from a two-lawyer operation into a leading tier 1 firm in the jurisdiction. Mark Forte's history of leadership as head of the BVI litigation and restructuring practice has made a positive impact and I look forward to seeing him continue to grow and strengthen the office under his new mandate."

Courtney Claflin has been voted to fill an open seat on the Captive Insurance Companies Association (CICA) board.

Claflin will fulfill the remaining term vacated by Ken Arguello, senior director of risk management at Schwarz Partners, who has recently changed responsibilities within his organisation.

Currently executive director of captive programmes at the University of California, Claflin brings 30 years of experience in the insurance industry, including serving as the principal architect of numerous captives.

CICA president Dan Towle said: "Ken Arguello was a great contributor and I want to thank him for his years on the board and service to CICA. We are excited to welcome Courtney Claflin to the board. He has a genuine passion for captives and experience with operating both a single parent captive and a risk retention group."

Captives Are For Risk Management

YOUR CAPTIVE MUST:

FOLLOW INSURANCE BEST PRACTICES

APPROPRIATELY PRICE POLICY LINES

OBTAIN REGULATORY APPROVAL AND BE COMPLIANT WITH STATE LAWS

ADJUST CLAIMS

ACM AND ITS AFFILIATES:

ARE PROFICIENT IN INSURANCE, RISK MANAGEMENT, AND REGULATORY BEST PRACTICES

USE IN - HOUSE FORMER COMMERCIAL UNDERWRITERS AND WORK WITH INDEPENDENT ACTUARIES

WE HAVE AN IN-HOUSE COMPLIANCE DEPARTMENT TO FACILITATE COMMUNICATIONS WITH STATE REGULATORS

WE HAVE IN HOUSE FORMER COMMERCIAL CLAIMS ADJUSTERS

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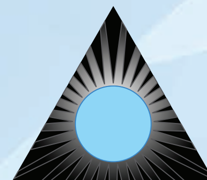

ACTIVE CAPTIVE MANAGEMENT

Claflin added: "Being a member of the CICA board of directors allows me to further contribute to the captive space and bring my years of experience to the table in support of CICA's mission. I look forward to this exciting opportunity and working with Dan Towle and my fellow board members."

The Vermont Captive Insurance Association has appointed Anne Marie Towle, Dennis Silvia and Donna Blair to its board of directors.

All three new board members have experience in the captive industry and have been involved with the association for many years.

Currently executive vice president for JLT Insurance Management, Towle has over 20 years of experience in a variety of projects, including captives and other alternative risk transfer vehicles.

Silvia, president of Cedar Consulting, has more than 20 years experience in various roles across the insurance industry.

Bringing over 30 years investment experience, Blair is concurrently the managing director and portfolio manager at Trevor Stewart Burton & Jacobsen.

Paul Scope has been elected as the new chair of the Bermuda Business Development Agency (BDA) and Shelby Weldon has been appointed to the board of directors.

Weldon was a former director of licensing and authorisations at the BMA, where he worked in various roles over 15 years.

Currently a member of the senior management team at Marsh Management Services, Weldon serves as senior vice president, team leader for supervising finance and insurance managers.

The appointments are among several changes announced by the 11-member BDA board following its annual general meeting on 13 December.

Scope, who is chair of Willis Towers Watson Bermuda (WTW), succeeds Kiernan Bell as chair and director Stephen Weinstein will take over as deputy chair from David Cash.

Both Bell and Cash are to remain on the board as independent non-executive directors.

BDA director Derek Stapley and original chair Caroline Foulger have both retired from the board, having served the agency since its establishment in 2013.

"I feel honoured to take up the chair of the BDA, and having been on the board since inception I have seen first hand the contributions of the previous chairs, Caroline Foulger and Kiernan Bell," said Scope.

"I want to follow their lead and continue to promote free thinking and positive mentoring from the board level to BDA staff, and progressive promotion of the jurisdiction with accountability to our stakeholders."

Weldon added: "It's a great honour to join the board of the BDA, and I'd like to thank my fellow directors for this opportunity."

XL Catlin has appointed Jay Lefkowitz as its new president of global risk management business in North America.

Lefkowitz has been promoted from his previous role as head of the firm's US risk management team.

With more than 30 years insurance industry experience, Lefkowitz's new role will see him assume underwriting management of XL Catlin's North America primary casualty platform, including its US risk management and multinational casualty businesses.

Lefkowitz, who joined XL Catlin in 2011, will report to Joe Tocco, chief executive of the company's North America insurance business.

Tocco said: "We're excited to see Jay Lefkowitz step into his new leadership role. [He] is known in the market for his skill in helping solve very complex risk management challenges for our clients."

"Using diverse programme structures, risk finance and collateral alternatives, like captives, loss portfolio transfers, deductibles and self-insured retentions, he has helped us deliver casualty insurance programmes that meet clients' very unique needs," he added.

Allianz Global Corporate & Specialty (AGCS) has revealed changes to its board of management, due to take effect throughout 2018.

Chief regions and markets officer Carsten Scheffel is retiring from his role, with current chief operating officer Sinéad Browne taking over on 1 July 2018.

Bettina Dietsche will succeed Browne as COO, moving over from her role as head of group operations at Allianz on 1 April 2018 to allow for a period of handover.

Elsewhere, Philipp Cremer will take on the non-board level role of global head of claims on 1 July 2018, with chief claims officer Alexander Mack retiring from the company.

In the new role, Cremer will report to AGCS CEO Chris Fischer Hirs. **CIT**

Do you have an industry appointment we should cover?
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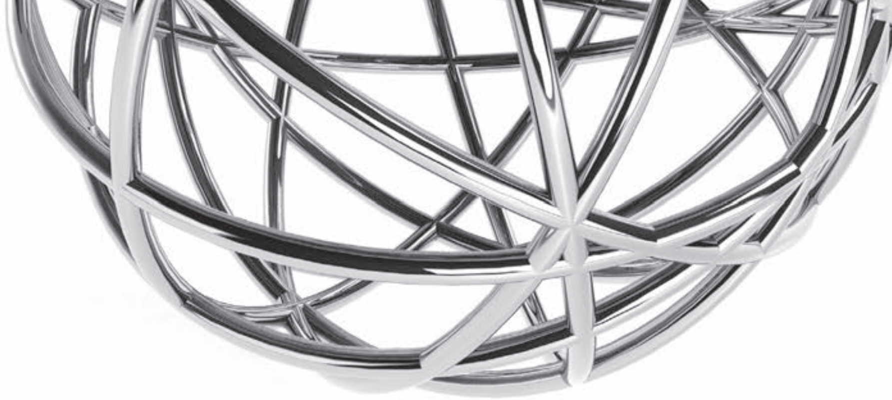

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flawless structure
seamless opportunities

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European Union Membership - Malta's status as an EU member allows companies and cells the ability to passport their services throughout the European Union and EEA states. Maltese insurance law and regulation implements all relevant EU directives.

Redomiciliation Legislation - Companies established in other countries can seamlessly transfer to Malta without any break in their corporate existence.

Protected Cell Legislation - Protected Cell Companies can be incorporated in Malta, enabling cell promoters to write insurance through a cell. The law ensures proper protection and insulation of cell assets and liabilities from those of other protected cells and the core of the protected cell company.

A Stable Regulatory Framework - The Malta Financial Services Authority (MFSA) is reputed to be "firm but flexible" - encouraging discussion with promoters at all stages of an application process and also on an ongoing basis.

Extensive Double Taxation Treaty Network - Malta has around 70 tax treaties with various EU and non EU countries.

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