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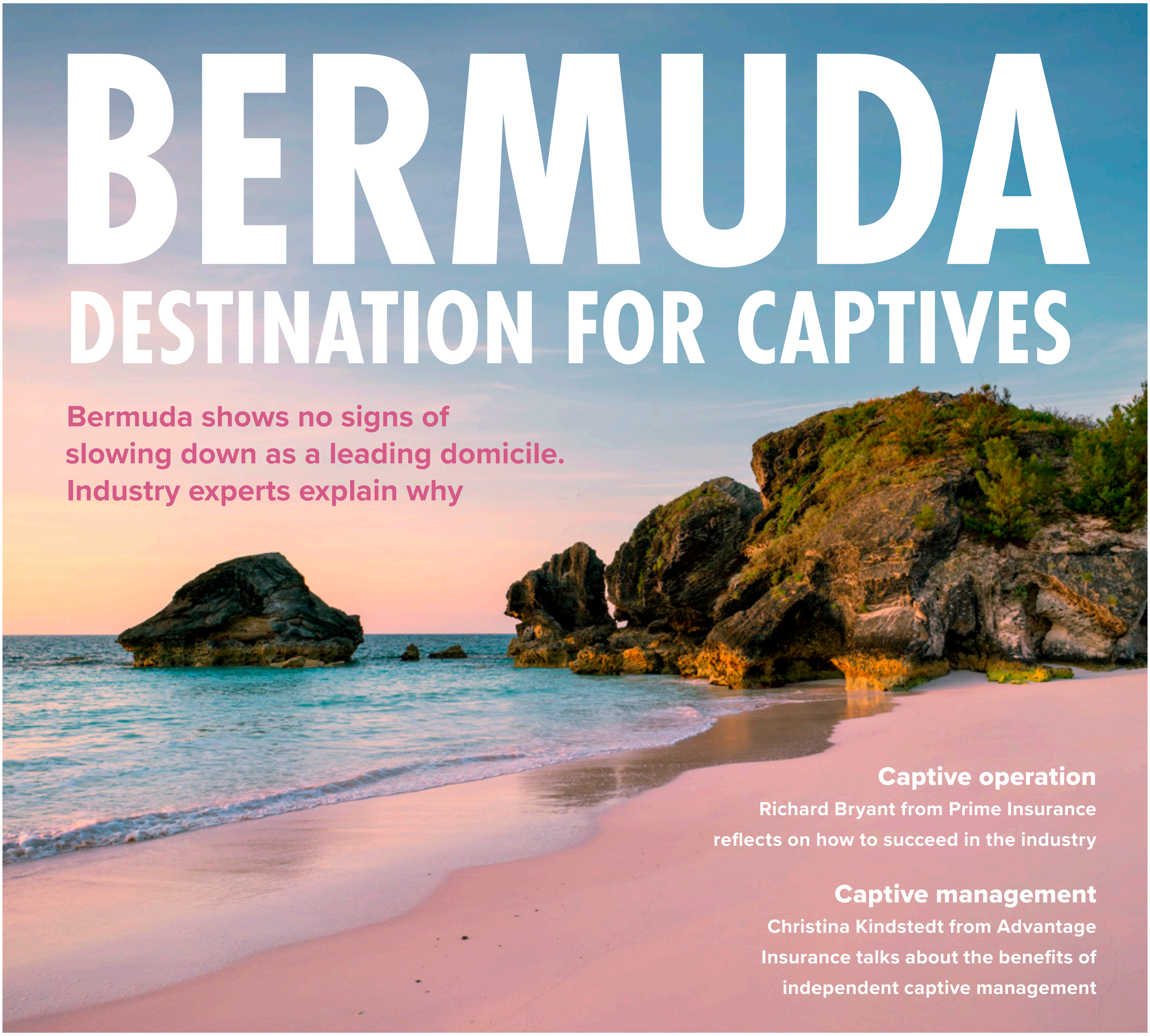

# BERMUDA

## DESTINATION FOR CAPTIVES

Bermuda shows no signs of slowing down as a leading domicile. Industry experts explain why

**Captive operation**

Richard Bryant from Prime Insurance reflects on how to succeed in the industry

**Captive management**

Christina Kindstedt from Advantage Insurance talks about the benefits of independent captive management

captiveinsurancetimes

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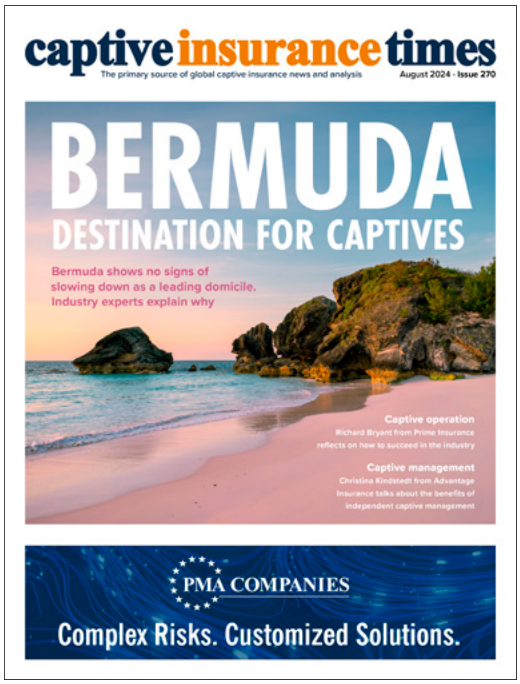

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### Everest launches multi-vehicle capital management platform

Everest Group has restructured its alternative capital business, launching Mt. Logan Capital Management (MLCM), a multi-vehicle capital management platform.

MLCM, licensed as an insurance manager by the Bermuda Monetary Authority, will expand its role as the exclusive source of risk-sharing and proportional underwriting capacity for Everest Group.

The new leadership team at MLCM includes John Modin as CEO and Youssef Sfaif as president and chief operating officer.

According to the firm, the new platform, which includes the collateralised reinsurance vehicle Mt. Logan Re, will provide Everest with more flexibility for partnering with investors in the capital markets.

It aims to improve Everest's financial strength, balance sheet, claims-paying capacity, and growth in its reinsurance business.

Modin remarks: “Third-party capital management is an important part of Everest’s overall strategy. We are seeing strong and growing interest from institutional investors in our capital-efficient and highly aligned structures, which provide them with diversified offerings and attractive risk-adjusted returns.”

Meanwhile, Jill Beggs, reinsurance executive vice president and chief operating officer, adds: “MLCM, which now opens up multiple entrance points, helps pair third-party capital with dedicated underwriting portfolios, allowing us to optimise our capital structure, generate new underwriting opportunities, and grow Everest’s overall market share.” ■

### SiriusPoint and Service First Insurance partner on property owners programme

Bermuda-based (re)insurer SiriusPoint and MGA Service First Insurance have collaborated on a property owner programme in the Irish market.

The initiative will enable the MGA to underwrite commercial property risks of up to €10 million.

In partnership with SiriusPoint, Service First will manage all aspects of the insurance lifecycle, from underwriting to claims.

Rob Gibbs, president and CEO of SiriusPoint International, states: “The team’s offering is strengthened by local knowledge and existing relationships in the market with brokers, customers, and businesses, and their focus on providing a technology-led, underwriting-first service for customers aligns with SiriusPoint’s business strategy.”

Padraig Lynch, CEO of Service First, adds: “Our new partnership with SiriusPoint will bring a new injection of capacity into the insurance market in Ireland. ■

## AXA expands P&C operation in Italy

AXA has entered into an agreement to acquire Nobis Group, a retail P&C insurance company based in Italy. The deal is expected to be completed in the first half of 2025.

Under the terms of the transaction, the upfront consideration for the acquisition will amount to €423 million, with a potential earn-out of up to €55 million.

According to AXA, the acquisition will further diversify the firm's distribution channels, particularly through long-term agreements with car dealerships within the Nobis network, supporting profitable growth.

By leveraging Nobis' network and expertise, AXA Italy expects to improve its market position in P&C.

Patrick Cohen, CEO of AXA European Markets and Health, comments: "This acquisition will further strengthen our position in the Italian P&C market, adding scale as well as distribution capabilities to our business.

"We are confident that the combination of Nobis with our dynamic Italian business will create both growth and innovation opportunities within our organisation." ■

## Hamilton Lane creates Insurance Solutions team

Investment management firm Hamilton Lane has created a specialised Insurance Solutions team and appointed John Brecker as head of the new division.

Brecker is currently a managing director at Hamilton Lane, responsible for the firm's business development efforts in the US Midwest.

The company states that the new division will build on Hamilton Lane's nearly 30-year experience working with insurers, and the nearly US$92 billion the firm manages or oversees on behalf of insurers globally.

In addition, Hamilton Lane has enlisted Eric Solfisburg as insurance strategist and Kyle Ross as vice president of insurance client solutions.

Solfisburg will work to develop and implement investment solutions for insurers seeking attractive returns in a capital-efficient manner, while Ross is responsible for maintaining and developing client relationships with insurers across North America.

Prior to joining Hamilton Lane, Solfisburg was head of investment product consulting at MassMutual, and Ross worked as senior vice president at Capital Dynamics, responsible for business development with insurers.

Brecker comments: "Creating this dedicated team underscores our commitment to developing and delivering leading private market solutions tailored to insurers' unique risk and return profiles.

"As a growing number of insurers seek access to the risk and return profiles available within the private markets, we are thrilled to welcome Eric and Kyle and their extensive expertise to the firm." ■

### SRS Altitude partners with Generali in underwriting activities

SRS Altitude has partnered with Generali Global Corporate & Commercial in alternative risk transfer (ART) underwriting activities.

The move aims to leverage the (re)insurance capacity, global reach and technical expertise of Generali Global Corporate & Commercial to originate, tailor, and provide a diverse range of ART solutions for corporate clients and their captives.

Loredana Mazzoleni Neglén, CEO of SRS Altitude, says: "Our combined strengths allow us to deliver supreme expertise and capital to clients, catering to their unique needs." ■

### South Carolina captive conference returns in September

The South Carolina Captive Insurance Association (SCCIA) will host its annual executive educational conference from 17-19 September at the Hyatt Place, Charleston.

The conference will start with the Captive Academy on 17 September, offering an interactive seminar on the fundamentals of captives in South Carolina. A separate registration is required for this session.

Key highlights include a speech by author and motivational speaker Steve Gilliland, as well as sessions about medical stop-loss, captive governance, captive ownership with key stakeholders, and single parent versus cell captive. ■

### Alliant Insurance opens Honolulu office

Alliant Insurance Services has opened an office in Honolulu, Hawaii, and hired Chad Karasaki as managing director and Michael Grossi as executive vice president. Karasaki will lead the Honolulu office with a focus on hospitality, retail, construction, and development. Prior to joining Alliant, Karasaki served as chairman, CEO and resident managing director at Aon Risk Services in Hawaii.

Grossi brings to Alliant almost 30 years of experience in surety, owner controlled insurance, and captive programmes, working closely with contractors, developers, and large commercial insurance accounts. ■

## Arch seals MidCorp and Entertainment business acquisition from Allianz

Arch Insurance North America has acquired Allianz's MidCorp and Entertainment insurance businesses for a total value of US$1.4 billion. According to the firms, nearly 500 former Allianz's MidCorp and Entertainment employees have joined Arch and will provide continuity to clients and brokers as Arch Insurance focuses on growing its middle market offerings.

The businesses were underwritten by Fireman's Fund Insurance Company and its subsidiaries, namely American Automobile Insurance Company, Chicago Insurance Company, Interstate Fire & Casualty Company, and National Surety Corporation, and collectively totaled US$1.7 billion of gross premiums written in 2023.

Mark Lange, who is currently chief strategy officer for Arch Insurance North America, will take over the role of chief middle market executive to oversee the new businesses.

Matt Shulman, CEO of Arch Insurance North America, states: "We are thrilled to welcome these talented individuals to Arch and look forward to earning the trust of their existing clients and distribution partners."

Lange adds: "I'm looking forward to working with this talented and experienced team to help build out Arch's middle market platform." ■

## Relation Insurance Services acquires H Group Benefits

Relation Insurance Services (RIS) has acquired the assets of H Group Benefits, an Illinois-based health insurance agency.

David Heller, president of H Group Benefits, will continue managing the business as part of RIS.

Commenting on the move, Heller says: "We were exploring ways to serve our clients in a more holistic way, and Relation was the right fit. Relation's thoughtful, transparent culture and broad network of resources offer our clients access to the best coverage options and a superior service experience."

Tim Hall, CEO of RIS, remarks: "H Group has an outstanding reputation in their community, and Relation is proud to welcome them aboard.

"Their experienced team strengthens our employee benefits consulting practice by providing comprehensive insurance solutions to our clients. We are excited to welcome them to our team." ■



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## BMS Group to acquire UK broker David Roberts & Partners

Specialist (re)insurance broker BMS Group has entered into an agreement to acquire UK firm David Roberts & Partners (DR&P). The transaction marks BMS's largest acquisition to date, and creates a business managing over £8 billion of gross written premiums.

After completion, which is subject to regulatory approvals, DR&P and its subsidiary companies will continue to operate under their existing brands.

John Page, CEO of DR&P, and Simon Bland, managing director, will continue in their roles, with Page reporting to Nick Cook, CEO of BMS Group, and joining the group's executive committee.

According to BMS, the acquisition creates a substantial opportunity for both firms to work collaboratively to enhance client service across territories and specialties, as well as leverage the combined expertise of both businesses in specialty retail, wholesale (re) insurance, and MGA.

Commenting on the move, Cook says: "This landmark transaction is a significant strategic step for BMS and a very proud moment in our company's evolution. By aligning these two businesses, both of which have market-leading organic growth and ambitious expansion plans, we create a formidable force."

Page adds: "We have been exploring ways of maximising our strength in specialty retail, London (re)insurance, and MGA markets for some time and are delighted to have found in BMS a perfect opportunity to join forces with a highly successful, global business with a deep commitment to independent broking." ■

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## AM Best revises outlook to 'negative' for CSAA Insurance Group's members

AM Best has revised the outlook to 'negative' from 'stable' for the long-term issuer credit ratings of CSAA Insurance Group's members. They include CSAA Insurance Exchange and its pooled subsidiaries and reinsured affiliates.

The agency also affirms the financial strength rating of 'A' (Excellent) and the long-term issuer credit ratings of 'a+' (Excellent) for those companies.

The outlook for the financial strength rating is 'stable'.

The revision of the outlook to 'negative' is driven by the group's reduction in capital level, which resulted in lower risk-adjusted capitalisation and underwriting leverage deterioration.

The capital drop was driven by much higher than anticipated claims cost and material reserve strengthening.

CSAA is working on several capital-bolstering initiatives that, if implemented, can restore risk-adjusted capitalisation measures closer to historical levels.

On the other hand, AM Best assesses the group's balance sheet strength as 'strongest', as well as its favourable business profile and appropriate enterprise risk management. ■

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## Innovative Captive Strategies partners with Private Health Management

Innovative Captive Strategies (ICS) has selected Private Health Management (PHM) to deliver care support to its clients and their plan members.

According to the firms, the move aims to help employers manage risk, control costs, and improve health outcomes.

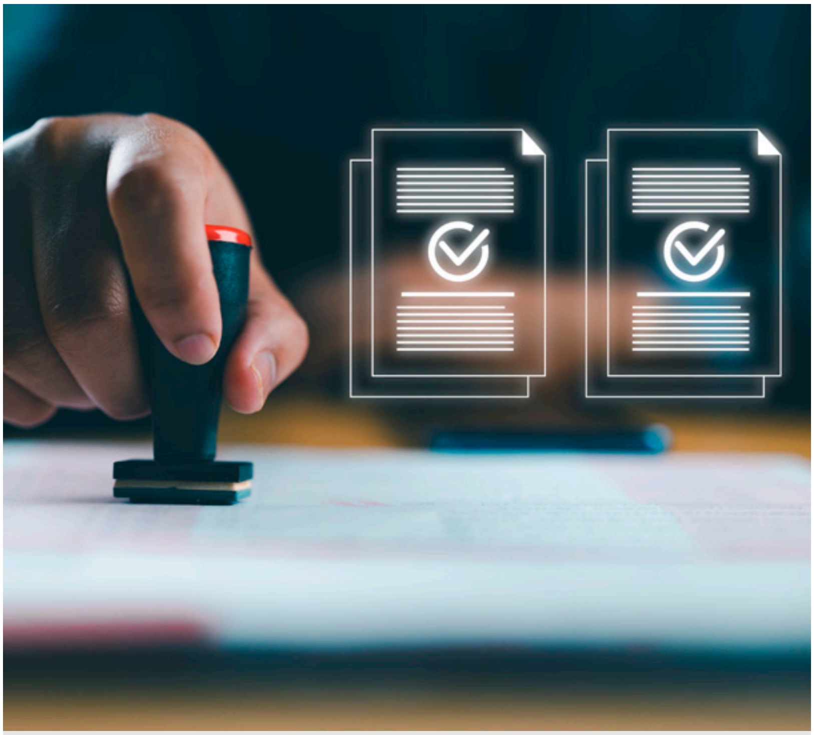
Through this partnership, individuals facing serious or complex medical conditions can receive care management support from diagnosis through treatment.

Matt Durham, assistant vice president at ICS, remarks: "This partnership underscores our commitment to helping our clients effectively manage risk and support their workforce during a health crisis.

"It represents a significant step in ICS's strategy to offer world-class services. We encourage our clients to leverage PHM's clinical expertise to ensure their members receive the best possible care, improving health outcomes and reducing costs."

Meanwhile, Tommy Axford, senior vice president of business development and strategic partnerships at PHM, says: "At PHM, we focus on the small portion of cases that drive the majority of healthcare spend and where the deficiencies in our healthcare system are most pronounced.

"Through this collaboration, we will provide expert clinical guidance, empowering members to make informed health decisions and achieve the best of what's possible in medicine." ■





## Zurich and Tesla announce 'InsureMyTesla' agreement

Zurich Australia has agreed to be the preferred electric vehicle (EV) insurance provider for its customers in Australia with Tesla.

The new arrangement allows existing and new Tesla owners to access the 'InsureMyTesla' EV offering, provided solely by Zurich using its 'Edge' technology, directly through the Tesla app.

Justin Delaney, CEO of Zurich Australia and New Zealand, comments: "Zurich and Tesla share a common pursuit to drive a more sustainable future, invest in cutting edge technology and provide leading products and services to a loyal customer base. With shared global strength paired with deep local expertise, this is a natural alignment that will benefit many Australians on our roads."

Thom Drew, country director at Tesla, Australia and New Zealand, adds: "Zurich has a long-standing reputation for protecting its customers in Australia and across the globe. As the preferred provider for InsureMyTesla, Zurich offers Tesla customers affordable and convenient insurance, all accessible within the Tesla App.

"With InsureMyTesla, Tesla ownership becomes even more secure, giving more Australians the confidence to switch to Electric Vehicles." ■

## Cayman Captive Forum 2024 announces keynote speakers

The Cayman Captive Forum 2024 has revealed Anthony Robles, NCAA wrestling champion, and Jon Engstrom, a 20-year-old veteran police officer and certified ethical hacker, as its keynote speakers.

The event is set to take place from 3-5 December at the Ritz-Carlton, Grand Cayman.

According to the organising committee, Robles, who will deliver the opening keynote speech, is a testament to overcoming adversity, having been born with one leg.

His remarkable journey of courage and perseverance has led him to win numerous wrestling titles and earn induction into the National Wrestling, Arizona Sports, and ASU's Sun Devil Athletics Halls of Fame.

He is also the subject and author of the upcoming film 'Unstoppable', produced by Matt Damon and Ben Affleck through Artists Equity. Currently, he is a wrestling analyst for ESPN and the Pac-12 Network.

Meanwhile, the cyber keynote speaker, Engstrom, was the technical lead for the criminal intelligence and cybercrime sections at a US metropolitan police department.

He also worked as a federal task force officer, conducting undercover and electronic surveillance operations for organised crime investigations.

He will discuss recent trends in online fraud, computer intrusion, and emerging cyber threats.

Alanna Trundle, chair of the Cayman Captive Forum Committee, states: "Both Robles and Engstrom have fascinating messages to share with attendees. We look forward to welcoming them both in December." ■

## Cowbell secures US$60 million in funding from Zurich Insurance Group

Cowbell, a cyber insurance provider for SMEs, has closed a US$60 million Series C equity investment from Zurich Insurance Group. With the new capital, Cowbell plans to scale operations to meet growing demand, extend its presence in key international markets, bolster cyber resilience services, introduce new cutting-edge products to the market, and further strengthen strategic partnerships.

The company aims to expand its technological infrastructure to drive further efficiencies and support expedited policyholder and broker decision-making across traditional, digital and API-driven channels.

The firm estimates that cybercrime will cost the world US$24 trillion by 2027, with ransomware attacks alone costing small businesses an average of US$1.7 million per incident.

Sierra Signorelli, CEO of Commercial Insurance at Zurich, highlights: “Cyber threats remain a major concern for business leaders due to their constantly evolving nature.

"To address this, we continue to invest in enhancing our cyber capabilities and building a strong support system for our customers.”

Meanwhile, Jack Kudale, founder and CEO of Cowbell, says: “With a refined focus on product expansion, we will accelerate our efforts to deliver advanced and efficient cyber insurance solutions to SMEs and mid-market businesses globally, ensuring they have the protection and tools they need to navigate the rising threats in the evolving cyber landscape.”

In this transaction, J.P. Morgan Securities acted as a financial advisor, and Gunderson Dettmer Stough Villeneuve Franklin & Hachigian provided legal counsel to Cowbell. ■

## Artex acquires Malta-based Bee Insurance Management

Artex has acquired Malta-based Bee Insurance Management, expanding its presence in the EMEA market.

Simon Camilleri, former managing director of Bee Insurance, has assumed the role of executive director at Artex. He will continue to oversee client service, as well as supporting the Artex EMEA business development team.

Bee Insurance provides a wide range of services, including underwriting and claims, accounting, risk management, regulatory compliance, and investment reporting.

Paul Eaton, CEO of Artex EMEA, states: "Transitioning this book of business to Artex EMEA marks another step in Artex's growth and global expansion journey, enhancing our resources, expertise and range of services for the benefit of our clients.

"The Bee team brings capabilities that complement our existing service offerings and build upon the foundation that has made our Malta team so successful."

Camilleri adds: "The transition to an international organisation will help our current and future clients take advantage of the expertise, knowledge and wider ranging services which are afforded by a leading global insurance manager.” ■

### Fitch: CrowdStrike cybersecurity incident unlikely to pose financial risk to (re)insurers

The recent cybersecurity software incident at CrowdStrike is unlikely to have a material impact on global (re)insurance financial results, according to Fitch Ratings.

Initial market estimates suggest that global insured losses could range from mid to high single-digit billions of dollars. Fitch asserts, however, that these losses are unlikely to materially affect (re)insurers due to ongoing claims and litigation.

The primary insurance lines impacted include business interruption, contingent business interruption, and cyber insurance. Smaller lines, such as travel insurance, event cancellations, and technology errors and omissions, will also feel the effects.

The rating agency adds that variations in policy terms and conditions across different regions, sectors, and lines of business contribute to the complexity of the situation.

Fitch advises that several factors will help mitigate insured losses, including the absence of insurance coverage, high deductibles, sublimits, and time element periods for business interruption claims.

Most business interruption claims from cyber events have time elements ranging from 8 to 12 hours, and it is expected that these claims will mostly fall within the retention limits of primary insurers.

Industries such as hospitals and airlines, which require 24/7 availability and often lack robust redundancies, will be more affected.

Furthermore, the agency observes that the APAC and EMEA regions experienced more significant workday disruptions compared to the Americas, which found a solution to the outage that required physical access to machines and, in some instances, a recovery key. ■

## Bermuda to showcase captive domicile potential in annual conference

The Bermuda Captive Conference (BCC) returns for its 20th year from 9-10 September at PIER 6 in Hamilton. With the theme ‘Navigating Captive Horizons’, the event aims to explore global captive market trends, foster industry connections, and highlight the dynamic and resilient nature of Bermuda’s captive sector.

The agenda features captive owners from the University of Pennsylvania, Sensible Weather, and Morgan Stanley International Insurance, with more names to be announced soon.

Panel discussions will delve into future trends and strategies essential for thriving in a dynamic global market, with topics such as regulatory updates, Bermuda's segregated account companies, investment strategies, medical stop-loss, employee benefits, and mutuals.

Expert panellists include Jennifer Masters from Brown & Brown; Crystal Pittendrigh from PwC Bermuda; Sarah Robey from KPMG Bermuda; Michael Regan, tax consultant for Bermuda’s Ministry of Finance; and Donay Viljoen from Forvis Mazars Bermuda.

In addition, the event reintroduces the popular ‘Bermuda Shorts’ series with parametric experts Rob Walling, Raveem Ismail, and Tom Johansmeyer discussing parametric triggers in captive strategies.

Participants will also have the opportunity to connect with captive owners, managers, brokers, service providers, and corporate risk managers.

Tom McMahon, executive vice president at Davies Captive Management and chair of the BCC, remarks: “This year's event promises to be our most engaging and insightful yet, offering unparalleled networking and thought leadership opportunities.

“We look forward to fostering collaboration and equipping our attendees with the tools and insights needed to navigate the complexities of the captive landscape.” ■

## Davies’ European broking platform gets Lloyd’s accreditation

Lloyd's has granted broker accreditation to Davies' European broking platform, Davies Broking Europe (DBE). The accreditation will allow Davies to extend its UK broker incubation platform for clients aiming to grow and establish infrastructure in Europe through Brussels.

The firm asserts that DBE will offer a cost-effective solution to manage the internal broker and service company bureau processing for Lloyd's managing agents. It will also provide non-Lloyd’s bureau processing for London market carriers' underwriting business in the European Economic Area (EEA).

In addition, DBE will act as a strategic partner to facilitate an EEA presence for both Lloyd’s and non-Lloyd’s businesses by serving as the EU placing broker.

Matt Lane, director of DBE, notes: “For UK-based insurance brokers, it has become clear that location is now everything. Those who wish to conduct intermediate European business must physically establish themselves within the single market, with their own management structures and operational models.

“A presence in the Belgian capital offers easier access to the EEA markets, facilitating smoother operations and regulatory compliance.”

Meanwhile, Steven Goate, director of DBE, adds: “Insurance brokers have to seek regulatory registration within the EU, and the process is far from straightforward, with EU regulators becoming ever more prescriptive on the way in which the EU operation is managed and structured. DBE can deliver solutions that provide brokers with far more cost-effective and efficient market access." ■

## Hannover Re teams up with Schroders Capital on tokenised ILS pilot

Hannover Re has partnered with Schroders Capital to launch a tokenisation pilot aimed at enhancing insurance-linked securities (ILS) investments. The initiative enables reinsurance contracts to be tokenised and traded on a public blockchain platform using smart contracts.

According to Schroders Capital, each token represents a share in a portfolio of reinsurance contracts, showcasing a potential future for ILS funds to operate within a digital ecosystem.

The firm states that a key feature of this pilot is the integration of crucial catastrophe insurance data into the smart contracts, which allows for automatic payment triggers to the appropriate recipients in the event of specific natural disasters. Additionally, the product allows investors to hold tokens in their digital wallets alongside other digital investments.

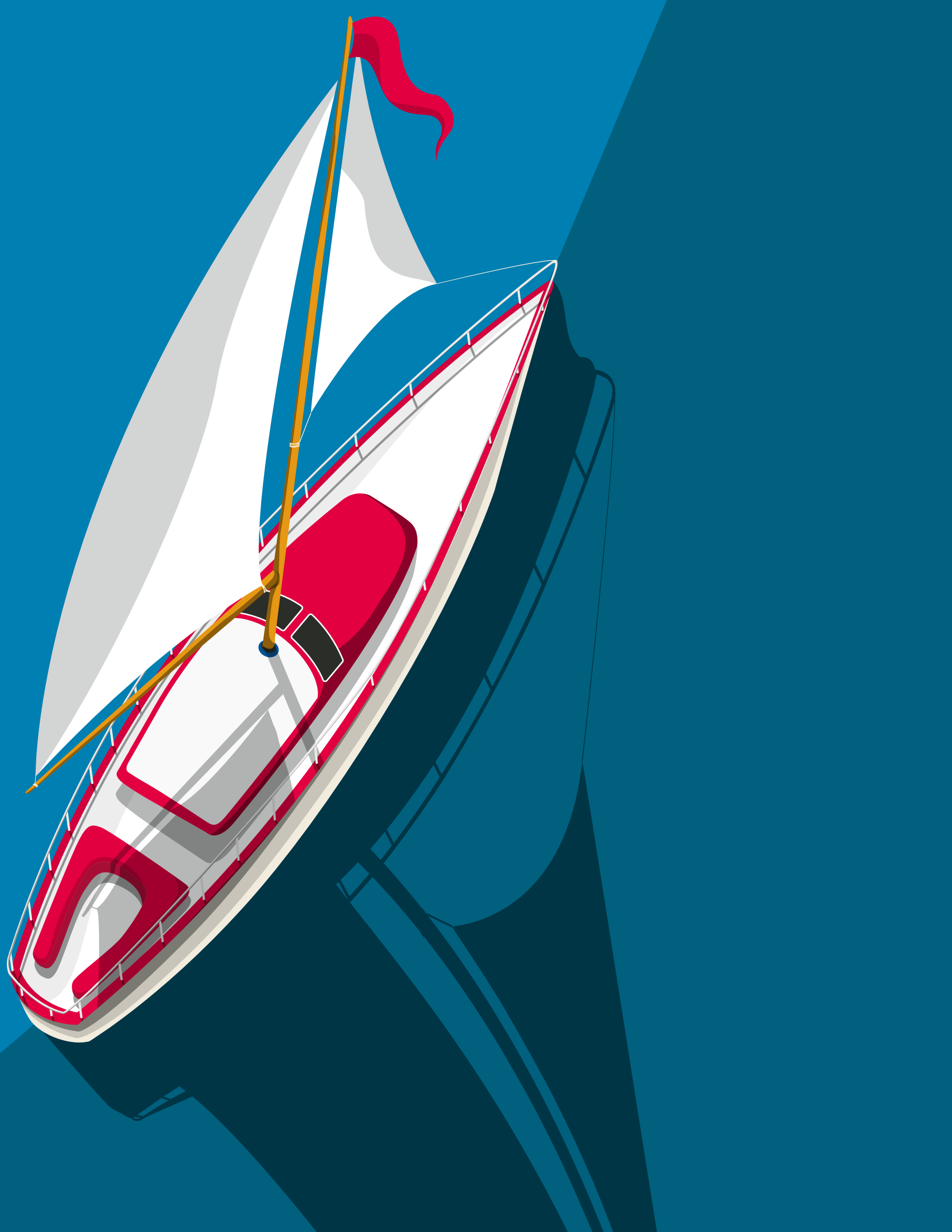
The project was the result of more than a year of collaboration between Schroders, Hannover Re, and the i.AM Innovation Lab, under the oversight of the Guernsey Financial Services Commission.

Stephan Ruoff, co-head of Private Debt and Credit Alternatives at Schroders Capital, notes: "The success of this pilot showcases the immense potential for enhancing transparency, streamlining investment processes, and improving client experience in the reinsurance sector. It paves the way for a more interconnected and efficient digital ecosystem, and we are looking forward to exploring the broader application to wider investment scenarios and clients."

Henning Ludolphs, managing director of Retrocession and Capital Markets at Hannover Re, adds: “This proof of concept was a great opportunity to understand the capabilities of blockchain technology when applied to the reinsurance market. ■

# Captives' declaration for independence

**Christina Kindstedt, president at Advantage Insurance Management, speaks to Diana Bui about the benefits of independent captive management**



**With 23 captive management firms approved by the Department of Financial Regulation (DFR) in Vermont, how does Advantage's independence from brokers and insurers enable it to differentiate its services and value proposition in a market dominated by broker-owned firms?**

The very origin, definition and nature of insurance are at the heart of captive insurance and our differentiation in the captive industry. This concept traces back to the mid-17th century, when the burgeoning maritime trade necessitated new ways to manage escalating shipping risks. Edward Lloyd's Coffee House, situated by the River Thames, emerged as a pivotal hub for exchanging marine intelligence and addressing these risks, laying the groundwork for modern insurance practices. The rest is history. Insurance is a contract between an individual or business and an insurance company to help provide financial protection and mitigate the risks associated with certain situations or events. We all know that situations and events constantly evolve. That means new risks emerge even within the same lines of coverage. To be effective, risk mitigation needs to adapt to new risk environments. That means continuous innovation.

Captives have prospered because they can react to market needs faster than traditional insurance does. The same difference holds true between independent managers like us and the larger managers owned by brokerage firms. Getting back to our maritime roots, the larger the ship, the slower it turns.

Broker-owned management firms play an important role in the captive industry, but independent management firms, if staffed by seasoned professionals, can be more efficient and responsive while delivering the same level of quality services. The numbers bear it out. In Vermont, the world's largest captive domicile, for every five captives, three are managed by the three largest broker-owned firms, while the remaining are handled by 20 other firms.

**With 41 per cent of Vermont captives being managed by firms outside the top three broker-owned managers, what unique advantages does Advantage, as an independent captive manager, offer to captive owners compared to broker-affiliated firms?**

Before delving into the unique advantages of being independent, it is crucial to emphasise the significance of professional experience.

Regardless of a ship's size, you still need a capable captain to helm it in turbulent waters and an organised crew to row in the same direction. Although Advantage is an independent management firm, all of our associates have previously worked at industry-leading companies for at least a couple of decades.

Equipped with years of hands-on captive management experience, our team has the technical know-how to meet the challenges in front of our captive clients.

Without a deep-rooted understanding of the captive industry, one could not provide the needed solution for one's clients. On a capability level, we are no different from the largest management firms.

Our differences come from our approaches. We, the independents, are far more nimble in adopting and improving on accepted practices. For example, protected cell captives (PCCs) have been around since 1997 and have met numerous captive owners' needs.

Years ago, during my tenure at a larger firm, I observed the protracted process of forming a PCC, primarily due to the lack of understanding among many in the corporate hierarchy about captives, let alone PCCs.

Before granting each approval, we needed to educate and convince everyone involved. By the time the PCC finally got licensed, the potential cell owners had found solutions at competing management firms. I have formed a few PCCs since joining Advantage in 2017. The due diligence process, as complete as that at the larger management firm, took much less time.

**Client referrals have been a significant driver of growth for Advantage. Could you elaborate on the key factors that contribute to client satisfaction and loyalty, leading to positive referrals in a highly competitive industry?**

Client referral is the highest form of compliment. We are glad to see that over 90 per cent of our growth came from referrals. Competence and service rank at the top of our list of key factors. Two anecdotes are representative of how we win.

A few summers ago, I happened upon two captive owners engaging in a deep conversation with another captive management firm. I caught up with the owners, who explained that their manager of 16 years had experienced high employee turnover, so the service suffered.

They had talked to the other firm for months but had not switched. That brief conversation provided me with just enough information to conduct research on the captive. Armed with my research findings, I discussed with the owners the strengths and weaknesses of their current operations.

They exclaimed: "You understand us!" It turned out that, as much as they wanted to leave their incumbent manager, the other management firm never delved into operational details during their months of courtship.

That captive has not only become one of our very satisfied clients, it has also become a strategic partner in our services for other captives. One could chalk that up to luck.

But without extensive knowledge of the captive industry, we could not have turned that chance encounter into a detailed Q&A with the owners and then into a client and now a partner.

Service is just as important as competence. We strive to respond to clients' inquiries within 24 hours. Captive owners understand that analysing and answering their questions takes time.

They are willing to wait, but they appreciate a status update while waiting. One of our most recent successes involves a global conglomerate, whose captive was managed by a leading firm.

The senior staff at that firm are very capable professionals. But the client had a hard time getting the senior staff's attention.

They tracked down our team's contact information, asked their attorneys, auditors, and actuaries for feedback on our services, and moved to us after completing their internal procurement process, all before we even had any inkling.

**Multinational clients often seek independent managers to mitigate potential conflicts of interest. How does Advantage navigate this landscape and foster strategic alliances with independent managers in other regions to deliver seamless global solutions?**

Advantage has offices in Bermuda, Cayman, the US, and Puerto Rico. We collaborate with other independent captive managers in regions where we have yet to establish a presence.

It is fascinating how similar we independents are to one another.

Our associates have all apprenticed at big firms for a couple of decades before joining an independent management firm. We all have the professional experience to help our clients regardless of the diversity of their challenges, and we all have the agility to respond to each situation in a timely manner to the clients' satisfaction.

The global village has been very kind to us independent managers. One of the captives under our management is owned by a UK company headquartered in Dubai with a growing presence in the US. It came to us through the network of independent captive managers.

**While larger companies have embraced outsourcing models to leverage cost efficiencies, Advantage relies on local talent. Could you elucidate the strategic rationale behind this approach and how it aligns with your firm's core values and commitment to quality?**

The rationale is simple: service quality, human connection, and Vermont's special place in the captive industry.

More than 10 years ago, the management firms owned by the world's biggest three brokers began outsourcing overseas.

I remember the justification from those early days: for every captive manager we hire in Vermont, we can hire multiple managers in India and Bangalore. More surprisingly, some smaller captive management firms have turned to outsourcing in recent years.

My outsourced colleagues, before I joined Advantage which does not outsource, are wonderful people, and we remain friends to this day.

But the cost efficiency is more than offset by other consequences: they have to work US hours, which disrupts their sleep patterns and family lives.

Although captive management requires good accounting skills, a good manager needs many other important skills: the ability to interpret a fronting agreement or reinsurance treaty into numerical values; the ease with which to explain a captive's operations to its owners; the vision to improve upon existing structures; and the aptitude to design and follow steps to execute strategies. These skills require years and suitable environments to develop, making them unavailable to outsourced service providers.

Additionally, there is always a loss of information during the translation process. Because outsourced captive managers rarely get in front of clients, there is a limit to what they can work on. It is a vicious cycle where the captive owners do not get the attention they need, while the service providers don't get to advance their knowledge or careers.

Probably the biggest consequence for the captive industry is the dearth of experienced captive managers in their 30s. Outsourcing robbed young college graduates of the opportunity to learn from the ground up.

Recently, I was commiserating with a captive owner about the difficult job market for employers. His company, whose captive we manage, employs 80 tax accountants, an area as specialised as the captive industry. Outsourcing has led to a labour shortage, so they can not properly staff. They face the same challenge, even with their clout.

At Advantage, we believe that our investment in local talent delivers far superior service to our clients and quality of life for our employees. Vermont has been a leader in innovative thinking for more than half a century. The counterculture movement of the 1960s and early 1970s initiated this trend, drawing innovative youth to Vermont through the so-called back-to-the-land movement.

The initial influx of talented and passionate thinkers created an intellectual environment and culture that continued to attract new talent to the state long after the euphoria of the counterculture movement subsided, eventually fueling major breakthroughs in new approaches to sustainable agriculture, environmental stewardship, and small, nimble, socially conscious business models.

Because of its unique intellectual and cultural climate, along with its stunning beauty and high quality of life, Vermont has continued to attract extraordinary human talent who serve as a 'maternity ward', so to speak, for wide-ranging innovation. Vermont's early embrace of the captive insurance sector and the spectacular success that followed are a splendid example of the fleet-of-foot innovative spirit that is so prominent across the Vermont cultural, environmental, and business landscape. For Advantage Insurance Management, this is the perfect place to hire.

Our industry, ever so swift at managing risks, has begun the mitigation process. For example, VCIA formed the Vermont Captive Insurance Emerging Leaders (VCIEL) last year to address the captive workforce challenge for the next generation. VCIEL meets on a regular basis to strategise how to make a difference for students and those new to the captive industry.

**Innovation is often cited as a critical differentiator in the captive insurance industry. Could you highlight some recent initiatives or proprietary solutions developed by Advantage that have enhanced the value proposition for captive owners?**

There are plenty of examples. The common theme is not so much one individual's or one firm's innovation as the creativity that sprouts when a group of seasoned professionals get together. On one of my trips to New York City over a year ago, an industry acquaintance and I decided to meet for coffee in his office after I wrapped up my scheduled meetings elsewhere.

I joined the meeting in his office, expecting half an hour of chitchat, and was surprised to find five others in the room, with three more on the huge projector screen on the wall. I did not know it at the time, but they had already talked to and rejected two of the largest captive management firms.

Our discussion quickly turned into an intensive Q&A session on captives, and our half hour stretched into two and a half hours. Soon after, they hired us to set up a captive for a specific purpose developed during the meeting. Once we obtained the captive's licence, we engaged in further discussions and generated additional ideas. Innovation begets innovation. In the end, we developed a programme that saved them almost US$40 million in capitalisation.

One of the individuals in the room introduced us to another opportunity, which has now blossomed into a client relationship. In this industry, I am constantly amazed at the wonderful opportunities inspired by the accomplished professionals we work with, both on our team and with our partners.

**As an independent captive manager, how does Advantage navigate the evolving regulatory landscape and ensure robust compliance frameworks are in place to adhere to relevant laws and regulations across multiple jurisdictions?**

Our associates had worked in larger firms for years before coming to us. We understand captive regulations' fundamentals, which have not changed much.

For example, the National Association of Insurance Commissioners (NAIC) implemented risk-based capital ratios in the US in the early 1990s and has been modifying its formulas annually to account for new risk developments, but the basics remain the same.

Solvency II came into effect in the European Union in early 2016, the same year when China enacted C-ROSS, short for China Risk-Oriented Solvency System. When you look at their specifics, they all have very similar quantitative aspects.

Despite this, our associates are actively involved with legislative updates and captive associations in various domiciles.

For example, two of my team members serve on the Vermont Captive Insurance Associations's (VCIA's) Legislative Committee. This perspective allows us to plan for changes months before they become actual laws.

We form and manage captives in multiple domiciles. There are some differences in each domicile's captive regulations.

Domiciliary regulators are all very good at communicating the changes before and after implementation, typically giving us a few months to prepare our captives. Most of the changes are improvements or clarifications of current legislation.

**In an industry characterised by consolidation and the presence of large, global players, what unique challenges does Advantage face as an independent firm? And how does your strategic approach address these challenges to maintain a competitive edge?**

Different captive owners have very different procurement philosophies. Due to their corporate mandate, some captive owners will only consider the top two management firms, while others intentionally seek out independents like us because their brokers already work for the top two firms. The latter prefer independents in an effort to eliminate any possible conflict of interest.

We find that current and potential captive owners have already done their homework before contacting us. Yes, many captive owners only go to the top two firms. However, our current clients, or others in the industry, typically refer to us as this type of captive owner. They are less enamoured with marketing hype. They are far more interested in the nitty-gritty of day-to-day management. My first call with a new captive owner typically lasts well over an hour because they get straight down to the details. They are a self-selected group that likes to get into the details.

**Captive owners increasingly seek tailored solutions to meet their specific risk management needs. How do Advantage's independence and agility enable you to deliver customised services and solutions that align with your clients' unique needs?**

In our industry, the phrase "if you've seen one captive, you've seen one captive" holds true. When two companies of similar size from the same industry go to traditional carriers, their quoted premium, coverage scope, and limits will likely be very similar as well. However, when they delve into the potential benefits of captives, a multitude of additional factors come into play: do you have a tendency to buy or spin off business units?

How much risk can you tolerate in your captive? Given your loss history and future plans, would more or less risk retention benefit you more?

There is a misconception that the more a captive retains, the less commission a broker makes. Captive owners sometimes wonder: if my broker and my captive manager work for the same firm, would my captive manager present a programme that could potentially lower his or her broker colleague's commission?

This is where our independence is crucial to the captive owner. Our total independence from brokers removes any possible conflict of interest.

**Looking ahead, could you share Advantage's strategic priorities and growth initiatives as you strive to reinforce your position as a leading independent captive manager in an increasingly competitive and dynamic industry landscape?**

Our number one priority is to serve our current clients well. I spend far more time in the office than on the road. Each associate on my team is a hands-on manager. All of us are intimately involved in our clients' day-to-day management work. Many of the captive owners who come to us usually start their search by asking their industry friends for recommendations. Others came to us after growing dissatisfied with their incumbents.

I must emphasise that many captive management firms have excellent associates on their teams. But when there is a corporate mandate to grow your business by a certain percentage annually while driving down costs, it may incentivise business development at the expense of client service.

We, on the other hand, will always put client service at the top of our priority list because our history has proven that clients will come to the door without us pounding the pavement. An attorney friend once succinctly summarised it for us: "When you do good, you do well."

**How does Advantage differentiate itself by offering "premier services and innovation" without a built-in broker network or affiliated insurers to offer bundled solutions? Could you give specific examples of how your services and innovative approach provide superior value to captive owners?**

Just like our independent management firms, there are niche market brokers who are enormously successful in their chosen sectors. I am very fortunate to have worked with several of them over the years.

I still remember the call that I got from a broker friend years ago: "Everyone says that this type of company cannot form that type of captive. But how did Berkshire Hathaway pull that off recently?" I did not know, so I researched. It turned out that Berkshire Hathaway had repeatedly tried to enter a market for over 10 years but just could not get in.

Their attorneys successfully cracked the captive code, enabling them to gain access to that market via a captive. In fact, they dominate the market now.

Only a few people in the country were aware of this advancement, one of whom was my broker friend. I put in a request for public records and got a redacted version. That is enough for me to figure out the rest. I am not the original creator, but I certainly learned from him. There are a dozen such captives now, with a combined annual premium of just under US$500 million. I formed five of these. We are forming another one as of this writing.

**While larger firms have opted to outsource operations, Advantage relies on local talent and provides a work-life balance. How does this approach to talent management and workplace culture contribute to the quality of services you provide to your clients?**

The senior members of my team have all worked in captives for years, and they have chosen to join us despite tempting offers from elsewhere. Our organisation is very flat.

I still manage a few captives day in and day out. A number of my team members have commented that in their old jobs, they used to spend about 10-15 per cent of their time doing things unrelated to client servicing, and now they get to spend nearly 100 per cent of their time servicing clients. They got their lives back.

Someone on my team put it well: "We are busy here, but not overwhelmed."

Happy employees give more back. We recently came under a tight, unexpected delivery deadline. One of the team members was on vacation, but she voluntarily returned without any prompting. And we delivered.

**As an independent captive manager, how can you guarantee your clients' access to a wide variety of insurance carriers and solutions, free from potential conflicts of interest or exclusive agreements that broker-affiliated firms might possess?**

The lack of broker affiliation has expanded, rather than limited, our access to carriers and solutions. As an independent, there is no broker colleague who will force us to use his or her services.

We work with brokers of our choice when a broker is required. We collaborate with the three largest brokerage firms, although they could have gone to their in-house captive managers.

Many carriers now allow us to work directly with them, thereby eliminating the brokerage fee for our clients. As a result, we have managed to bring our clients into partnership with some of the world's largest insurers. Exclusivity can undermine competitiveness, especially without transparency.

We, as captive managers, want transparency and competitiveness for our clients. ■

**"Broker-owned management firms play an important role in the captive industry, but independent management firms, if staffed by seasoned professionals, can be more efficient and responsive while delivering the same level of quality services"**

**Christina Kindstedt**
President
Advantage Insurance Management

# Staying ahead in the captive insurance market

**Richard Bryant, president of underwriting at Prime Insurance Company, sits down with John Savage to discuss about the company’s operations and how to succeed in the industry**

image by f11photo/stock.adobe.com

**With decades of experience in the captive insurance industry, what would you say sets Prime Insurance Company apart from its competitors in terms of its underwriting expertise and customised solutions?**

Prime Insurance Company has decades of experience dealing with the complexities of insured issues and problems as they emerge, as well as customising offerings to satisfy their needs.

We are able to generate very bespoke offerings that better cover the insured’s exposure and charge a premium that considers the proper cost of handling claims, thanks to our freedom from industry herd instincts and ISO wordings.

**Prime Insurance Company offers a range of services, from administrative functions to underwriting and reinsurance placement. Could you elaborate on the company’s approach to providing a comprehensive suite of services tailored to the unique needs of captive managers and owners?**

Prime Insurance offers the following boutique of services: in-house claims service, from adjusting to claims handling; full accounting services; premium financing; and underwriting and underwriting support services, including access to our proprietary claims and underwriting computer systems.

Additionally, Prime’s ‘A’ (excellent) rated paper would benefit any prospective insured, eliminating the need to secure ‘fronted paper’.

**Risk management is a critical aspect of captive insurance operations. How does Prime Insurance Company partner with its clients to develop and implement effective risk management strategies that align with their specific risk profiles and business objectives?**

Prime Insurance has a well-established, in-house risk management team that provides external and internal risk reviews along with in-person risk visits to assess risk and provide guidance on how to mitigate danger.

In addition, the risk management department will recommend or amend waivers or other contract language if deemed appropriate.

## Client Feedback

*"I switched to Prime Insurance for my paragliding business in Tennessee in 2018. These past few years have been easy knowing that Prime has me covered.*

*"From customer service to protecting you and your business, it is clear to me that no one can offer you better coverage for a better price. Quality counts, and Rick Lindsey and his team are the top company in the insurance industry."*

**David H.**

*"As a broker who loves placing creative and difficult risks, Prime Insurance has been a wonderful underwriting partner in helping our insureds find coverage."*

**Ben H.**

*"Prime Insurance is a company that is really committed to helping its customers. They collaborate with you, providing protection through education and ultimately enabling your business to operate with the confidence that comes from their wisdom and experience. I've been with them for many years and have more trust in them than ever. A reputable insurance company puts its customers first."*

**Kent M.**

**The captive insurance industry is continuously evolving, with new regulations, technological advancements, and market trends emerging. How does Prime Insurance Company stay ahead of the curve and adapt its offerings to meet the changing needs of the industry?**

With decades of experience in providing custom insurance solutions, the Prime team thrives on meeting new challenges and emerging risks. Prime Insurance has written close to a billion dollars over the last three years on both an admitted and excess and surplus lines basis.

Prime is an active member of the American Property Casualty Insurance Association (APCIA), Wholesale & Specialty Insurance Association (WSIA), Professional Liability Underwriting Society (PLUS), American Society for Healthcare Risk Management (ASHRM), and many other trade bodies and associations. Prime is also in regular contact with the Bermuda and London markets, which gives us a window into emerging trends and market opportunities. We also subscribe to numerous insurance publications and attend industry conferences.

**You highlight Prime Insurance Company's underwriting services as a core strength. Could you give some recent examples or case studies that demonstrate your firm's underwriting capabilities and the value delivered to clients?**

Unique within the insurance industry, Prime underwriters speak to each and every insured, regardless of their size or size of premium.

This approach allows us to have direct contact with an insured and opens the opportunity for two-way dialogue at the time and into the future.

It also enables Prime to gather more information than would be typically available on an application form, allowing for proper pricing of the exposure as well as explaining our partnership approach.

Most people have a poor opinion of insurance and do not understand the vital role insurance providers have in society.

By elucidating our role as their insurance partner and outlining our claims handling strategy, we establish trust with the insured, ensuring everyone is aware of our responsibilities during a claim.

This open, direct communication helps the insured successfully fight frivolous lawsuits. We often receive requests from prospective insureds to rehabilitate them because they had poor experiences with prior carriers.

**Administrative tasks like policy issuance and filings are essential but often overlooked aspects of captive management. How does Prime Insurance Company ensure efficient handling of these critical back-office functions?**

Prime Insurance has an in-house, fully operational back office engaged in the complete process that is required to write a policy.

This includes, but is not limited to, underwriting, policy issuance, claims handling, risk management services, contract and waiver reviews, accounting, IT services, and access to reinsurance if required.

**Reinsurance is a vital component of risk management for captives. What sets Prime Insurance Company apart in terms of its reinsurance placement services and ability to secure the right coverage for clients?**

Prime buys reinsurance from domestic and overseas markets. As such, we have good relationships domestically in Bermuda, London and Europe, if we need to explore reinsurance options.

We have contacts with all the major alphabet broking houses and can use our reinsurance expertise to assist when required.

**Looking ahead, what are your thoughts on the future of the captive insurance industry, and how is Prime Insurance Company positioning itself to capitalise on emerging opportunities or address potential challenges?**

We believe there will always be a need for companies to seek to take more control over their insurance arrangements. We also believe that the insurance underwriting community will persist in their search for loss-free accounts, leading to significant frustration among insureds. Because of the industry's restrictive nature, we believe captive opportunities will only grow. We are willing and able to accommodate many of these opportunities.

**As a leader in the captive insurance space, what advice would you offer to companies considering forming a captive or expanding their existing operations?**

Look at the offering as a long-term commitment and expect it to take time to show real benefits. We strongly believe that once an insured sees the benefits of a partnership approach on the captive side, it will become increasingly difficult, if not impossible, to go back to the old 'normal'.

**Finally, could you share any exciting developments or initiatives that Prime Insurance Company has planned for the near future, whether it's new service offerings, strategic partnerships, or other growth opportunities?**

We are an opportunistic player in the insurance market. We write business in areas other insurance carriers typically run from. As such, we are often the only viable option in these pockets of opportunity. Examples that come to mind are California wildfire property, Florida coastal property, and commercial trucking. All these classes will ebb and flow as capacity leaves and enters. However, Prime's most important quality is consistency.

We have never cancelled or walked away from any class of business. Ever. And we do not anticipate this ever changing. ■

**Richard Bryant**
President of underwriting
Prime Insurance Company

# Bermuda

## Destination for captives

**Having formed the first modern captive in 1962, Bermuda shows no signs of slowing down as a leading domicile. Industry experts explain why Bermuda is the first choice to establish a captive**

*Diana Bui reports*

The journey of Bermuda from a Royal Navy base to a tourist destination, and now an offshore financial centre, demonstrates its resilience and adaptability. Over the past 60 years, the island has become the domicile of choice for hundreds of captive insurance companies, with an advantageous tax rate and quality service providers, such as law firms, tax consultants and investment advisors. Throw in its exceedingly good climate, and all in all, it is fair to say that Bermuda is a strong captive destination.

As the global insurance market observes an increase in captive formations owing to rising commercial rates, Bermuda shows no signs of slowing down as a leading captive domicile. The Bermuda Monetary Authority (BMA) licensed three new captives between January and April 2024, taking the total number in the domicile to 630.

## Why Bermuda?

Tanja Korff, senior vice president and Bermuda client services leader at Marsh Captive Solutions, highlights Bermuda's long-standing support for organisations establishing captive insurance and other alternative risk entities as a primary attractor. "This experience creates both individual and institutional knowledge that other domiciles really cannot compete with," Korff notes. She remarks that Bermuda's robust regulatory framework supports a wide spectrum of insurance activities, from property and casualty captives to commercial and life (re)insurance.

Korff adds: "Bermuda’s legal system is based on the common law legal system, which is great for dispute resolution. We are also centrally located and easily accessed through multiple, daily international flights.”

Echoing Korff’s views, Bermuda Captive Network (BCN) experts commend the local regulatory landscape for its sophistication and global respect. They underscore the BMA’s ongoing efforts to align with international standards while maintaining an effective, risk-based approach. "Captives domiciled in Bermuda benefit from a regulatory environment that recognises their lower-risk nature while still ensuring financial soundness and transparency," they state.

In 2015, Bermuda enhanced its international competitiveness by achieving Solvency II equivalence, enabling local insurers to operate on par with their European counterparts. This regulatory alignment also incorporates the 953(d) election, which allows Bermuda-based companies to engage with the EU market while adhering to US tax regulations.

The BCN points out that Bermuda’s unique regulatory framework, which excludes certain classes of captives from stringent EU regulations, adds to the jurisdiction's appeal by reducing compliance costs and administrative burdens.

“Specifically for captives, the bifurcated approach provides for a proportionate regulatory framework. This allows for more tailored oversight of the captive regime and helps avoid the unnecessary burden of stringent Solvency II requirements, reducing compliance costs and administrative overheads.”

Korff notes that while the BMA’s bifurcated approach excludes captives in Classes 1, 2, 3, A, and B from the scope of Solvency II, captive owners within these classes benefit from the regulatory discipline and rigour in place at the BMA to ensure Solvency II equivalence and the National Association of Insurance Commissioners (NAIC) reciprocal and qualified jurisdiction status.

Captives in Bermuda have traditionally written property, casualty, and financial lines types of insurance. In recent years however, Bermuda has seen a diverse range of companies form captives. Growth has been observed in sectors such as healthcare, technology and cybersecurity, financial services, manufacturing and construction, and energy and utilities.

The COVID-19 pandemic has driven companies to create captives to manage risks associated with business interruptions and employee health and safety. This trend extends to the energy sector, where firms, including those in renewable energy, have formed captives to tackle environmental liabilities, operational risks, and sustainability concerns. The surge in cyber threats has also led many companies to establish captives to insure against data breaches, cyber attacks, and related liabilities. Additionally, rising healthcare costs have prompted firms to use captives in Bermuda for employee benefits, offering greater flexibility and potential cost savings.

According to the BCN), the most prevalent type of captive insurance companies are pure captives (Class 1), designed to cover the risks of their parent companies and affiliates. Originally, large multinational corporations formed captives in Bermuda to support the risk management of their global insurance programmes. While this practice continues, Bermuda has also emerged as a hub for midsize companies to form captives, providing tailored insurance coverage and overall cost savings. This shift indicates that captives are becoming an increasingly accessible and valuable tool for a wider range of businesses.

## Adapting regulatory frameworks

As jurisdictions worldwide adapt their regulatory frameworks to stay competitive in the evolving captive insurance industry, Bermuda as a leading domicile is making significant changes. The latest modification to Bermuda’s regulatory environment is the introduction of the Corporate Income Tax Act, aligning with the Organisation for Economic Cooperation and Development's (OECD) Global Minimum Tax requirements. Traditionally known for its tax-free environment on profits, income, dividends, and capital gains, the jurisdiction will implement a 15 per cent corporate income tax starting 1 January 2025, following recent legislation passed by the Bermuda Parliament.

Experts from the BCN have engaged in discussions with industry leaders and concluded that the new legislation is expected to have a relatively low impact on insurers choosing Bermuda as their domicile of choice and those already operating within the jurisdiction. Industrial specialists acknowledge that while the new tax poses challenges for captive insurance companies, it also presents opportunities to enhance value and operational efficiencies. Captive owners have responded positively to the Act due to factors such as stability, predictability, and beneficial adjustments to assets and liabilities under the economic transition adjustment.

The new tax regime offers a stable and predictable policy, aiding multinational enterprises in accurate financial forecasting and strategic decision-making in a complex global tax environment. Additionally, the legislation exempts certain entities, such as government bodies, non-profit organisations, pension funds, and businesses that do not meet the multinational enterprise (MNE) group annual revenue threshold of €750 million or have a limited international footprint.

BCN specialists highlight the potential benefits: “[The new Act] offers opportunities for Bermuda to strengthen its position as a leading domicile for captive insurers. By leveraging its regulatory strengths, enhancing its reputation, and fostering innovation, Bermuda can continue to attract and retain high-quality business in the evolving global tax landscape.”

Like any jurisdiction, Bermuda faces external pressures from global regulatory bodies. These include the Global Minimum Tax (Pillar 2), General Data Protection Regulation (GDPR), and Anti-Money Laundering/Anti-Terrorism Financing (AML/ATF) legislation. However, Bermuda distinguishes itself by proactively addressing and embracing these changes, meeting international regulatory standards. This approach attracts businesses that value a reputable jurisdiction with an internationally respected insurance regulator and a highly efficient (re)insurance market, bringing peace of mind to any organisation's board and management.

The decision on where to form a captive is crucial and unique to each organisation. Experts from the BCN note that Bermuda has drawn a significant number of new captive formations from North America, specifically the US and Canada, due to the island's proximity, regulatory reputation, and expertise. Meanwhile, European companies, particularly those from the UK and EU, have chosen, and will continue to choose, Bermuda because of its compliance with international standards and strategic advantages.

"There is now continued interest and growth from companies in Asia and Latin America that are looking to leverage Bermuda's strong regulatory framework and industry expertise. We believe that captive growth in these regions will also continue to increase. This diverse geographical spread underscores Bermuda's global appeal as a premier domicile for captives, capable of meeting the needs of businesses from various regions and industries."

By focussing on its strengths and continuing to adapt to global regulatory changes, Bermuda is well-positioned to respond to the challenges facing its captive industry. The island's commitment to maintaining high standards, fostering innovation, and leveraging its extensive expertise will help it remain a leading choice for captives in an increasingly competitive landscape.

## Leading the competition

Earlier this year, Marsh, the world's largest captive manager, launched Edgware Re, a pioneering cyber-only captive group in Bermuda. Licensed as a Class 3 insurer, Edgware Re transacts business exclusively with its participating members, allowing participants to purchase up to US$10 million in (re)insurance based on their needs. The captive pools participants' cyber risks and premiums, absorbs losses, and facilitates the exchange of cyber-security best practices among members.

Reflecting on Marsh's choice to establish its domicile in Bermuda, Korff emphasises the island's responsiveness to global trends and challenges. This aligns with the company's commitment to technology and innovation, consistently pushing the boundaries of captive insurance. She points out that Bermuda is distinguished by its forward-thinking captive domicile, notably through the Innovative Insurer General Business (IIGB) licence, commonly referred to as the 'sandbox licence'.

This licence allows new companies to test groundbreaking ideas, such as cryptocurrency and blockchain, within the captive space before seeking a full commercial licence.

"A responsive regulatory environment is crucial for our clients, and Bermuda consistently delivers"

**Tanja Korff**
Senior vice president and Bermuda client services leader
Marsh Captive Solutions

> "There is now continued interest and growth from companies in Asia and Latin America that are looking to leverage Bermuda's strong regulatory framework and industry expertise"
>
> Bermuda Captive Network

Additionally, for those with more advanced products, the regulatory framework offers a clear pathway to obtaining a full captive-class licence.

"In Bermuda, we are fortunate to have strong relationships between the regulator and various captive managers," she says. "Through open dialogue, a curious mindset, and a focus on innovation, we can identify the best possible solutions for all parties involved."

In return, the captive sector impacts the Bermuda economy in a number of positive ways. According to Korff, a multitude of captive experts live and work here, helping the local economy to thrive. Additionally, clients and service providers regularly travel to the island for board meetings, boosting the economy in lodging, transportation, food and beverage, retail, and recreation. Lastly, clients are investing funds in insurance vehicles, which require attention from other financial organisations and professional service providers, thereby enhancing the overall economic impact of Bermuda's wider captive community.

Despite being a well-established captive domicile, Bermuda continues to see growth, especially in the commercial and long-term insurer space. AI is impacting various insurance lines, including general liability, errors and omissions, medical malpractice, and cyber insurance. Korff notes that AI is altering the frequency and severity of existing risks, and its rapid evolution often outpaces commercial insurance.

Captives, therefore, provide companies with the flexibility to define and refine risk retention, addressing unknowns and gaps in commercial policies. Bermuda's sophisticated regulatory environment and established professional infrastructure position it at the forefront of these trends.

Setting up a captive insurance company involves significant time and resources. Marsh advocates for 3-5 year plans and long-term strategies that accommodate market changes and emerging risks. Korff emphasised the importance of ongoing evolution for captives, paralleling the organisation's growth. She praised Bermuda's efficiency, noting that a comprehensive licensing application submitted to the BMA on a Monday typically receives a response by Friday.

"Bermuda understands the importance of speed to market," Korff says. "A responsive regulatory environment is crucial for our clients, and Bermuda consistently delivers."

Bermuda's longstanding ties with the international insurance industry, a modern and sophisticated regulatory framework, and a robust network of service providers have collectively positioned it as an attractive destination for captive owners seeking comprehensive insurance solutions. Korff emphasises the importance of approaching this opportunity with an open mind, a willingness to challenge existing beliefs, and a commitment to developing clear strategic plans. She advises: "Gaining executive buy-in is imperative, so ensure ample time for education, allowing all parties to understand the process thoroughly."

The island, the birthplace of the captive insurance sector, established its first captive over 60 years ago and remains a dominant player in the industry. According to the BCN, Bermuda's regulators, in collaboration with industry leaders, continue to refine regulatory frameworks to support innovative insurance products and services. These include solutions for environmental liability, climate risks, parametric risks, and other niche areas that attract reputable new business lines to the island. Additionally, investments in technological advancements within the insurance sector, such as blockchain for smart contracts and insurtech innovations, also establish Bermuda as an innovative and modern jurisdiction. ■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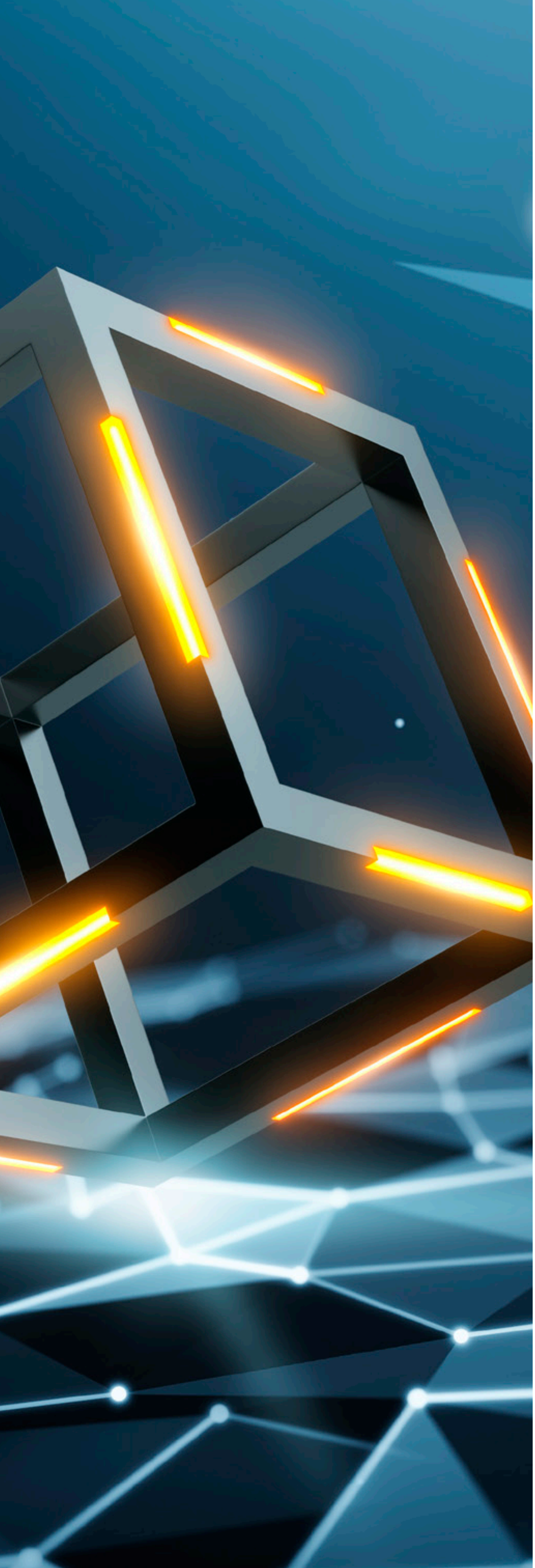
# Blockchain

## Is it time to embrace the hype?

There is growing speculation that the 'second wave' of blockchain technology has the potential to revolutionise the insurance industry, including captives.
Ned Holmes examines why its predecessor failed and whether this time we can embrace the hype





Common wisdom is that the sequel never lives up to the original, but when it comes to blockchain and the insurance industry, the second wave may well deliver what the first promised.

When digital ledger technology (DLT) first made a splash in the captive industry in the late 2010s, some big claims and predictions were made about the ‘substantial impact’ that it would have.

Words like ‘game-changer’ were bandied around, and it quickly became a hot topic, particularly for those keen to show they were at the cutting edge of the industry.

Seven years later, you could be forgiven for feeling as though we are still waiting for the other shoe to drop.

From an insurance perspective, the first wave of blockchain has not lived up to the high expectations set out at its inception, but there is a sense that the second wave, which may be about to break, could deliver what its predecessor could not.

## The first wave

“We expected the first wave to have a tremendous impact,” says Marcus Schmalbach, CEO of Ryskex, one of those actively involved in exploring blockchain solutions for the captive industry.

“Many people invested a lot of money in it. It is not that it ended in disaster, but more that it ended in nothing,” he adds.

Meanwhile, Gavin Lillywhite, head of insurance distribution and client management at Axio, shares: “I was at Allianz at the time, and there was a big noise about the opportunity. If you can think about everything that blockchain can do, it is just so much more efficient.

"The challenge, of course, is that the insurance industry does not have a track record of adopting more efficient processes. It did not fall on its face but rather just sort of withered on the vine.”

The impression is that the first wave’s lack of impact was due to three key, interlinked factors: market conditions, a lack of regulation, and a misunderstanding about its true use case.

“At the time, the market was soft,” explains Lillywhite. “Post 9/11, you had a really hard market, which peaked for a couple of years and then went downhill into almost 20 years of a soft market.

"You held a macro position. A lot of reinsurers came back into the market and said: 'The rates are good, so I am going to pile in'. So over time, there was an increase in capacity."

He further adds: "After that, there was a 20 year rate reduction, and I think insurers were struggling to find something different that could help them out of the downward spiral, asking how they could be more efficient.

"That never really came to fruition. Many of the big players suddenly had chief innovation officers, but they had little to no teeth. The fundamental issue was that the implementation of blockchain would have required a change in infrastructure, a task that many large players find challenging."

Lillywhite argues: "Then, naturally, the hard market reached its peak a few years ago. Consequently, the insurers were back to profit, so the appetite was just not there to try something a little bit different or outside the box."

In terms of regulation, the issues were linked to creator Satoshi Nakamoto's original motivation for the technology.

Schmalbach explains: "Normally, innovations start in the business-to-business (B2B) sector and then move to business-to-consumer (B2C), but blockchain really cut out the B2B and was mainly in the consumer-to-consumer (C2C) sector. It started with no regulation. Satoshi Nakamoto wanted to empower the people.

"There was a lot going on — Allianz wanted to develop a stablecoin, and we at Ryskex were working with Vermont to establish a blockchain-driven digital risk exchange — but we realised at a certain point that the blockchain itself needed to be regulated."

He observes that in the industry, a captive domicile could not regulate the blockchain solution or the tokenisation itself. "Likewise, the German Federal Financial Supervisory Authority (BaFin) and the US Securities and Exchange Commission (SEC) saw opportunities from a financial perspective but did not want to regulate them. This resulted in the implementation of unconventional solutions, such as the bankruptcy of FTX in the B2C sector," he remarks.

The lack of a true understanding of blockchain was another key factor. The hype surrounding it led some to believe it would be a silver bullet to revolutionise the insurance industry rather than a bespoke solution for specific issues.

Schmalbach notes: "Some were just using the blockchain to try to tell everyone that they were innovative, but no one really understood what the use case was. They thought it was the car, but it was actually the highway. Insurance is a traditional industry, and there were people who liked the way the market worked. Some people feared it would have a negative impact on their market."

But while the first wave may have never lived up to the hype, Schmalbach believes it should not be looked upon as a failure but as a learning experience.

"The last six or seven years have been education and demystification," he says. "A long, long process of making people aware of the technology, understand it, and not fear it. It has been an ongoing process — keeping the fire alive so that people still want to interact with blockchain."

## The second wave

It looks as though the patience of Schmalbach and others may now be about to pay off. Just as there were contributing factors working against the first wave, it now feels a little like the conditions are perfect for the second to succeed.

Not only is the market better prepared, but there is also a better understanding of what blockchain can actually do, and the support of big players like Lloyd's and BlackRock has helped to solve the issues concerning regulation as well as legitimise the technology in the eyes of others.

Schmalbach explains: "I now believe that we are back on track and the second wave can be positive because Wall Street, for example, BlackRock, is now adopting it. Larry Fink carries weight, so if he gets in front of the SEC and tells them that they believe in blockchain and asks for an ETF on Ethereum and BitCoin, as they did, then the SEC agrees that it is time to regulate.

"When people like Fink and John Neal support it, markets follow. Those guys are in now, and I think we will see more serious solutions coming as a result."

In agreement with this perspective, Lillywhite emphasised the significance of backing from major players in the industry.

"Having credence from the big boys, like Lloyd's and BlackRock, is definitely important," he states.

"There is a fear of the unknown, but things like the SEC approving a blockchain ETF, endorsing it, and BlackRock's involvement give it more certainty and give people more confidence. Lloyd's is giving it market-wide visibility through the Lloyd's Lab, the whole premise of which is to recognise a protection gap or capacity issue and try to solve it with technology."

The first wave may not have had the desired impact, but it has at least paved the way for the second by educating people about what the actual uses are. "People now have a clearer understanding of blockchain and now have the answers to why they should use it," says Schmalbach.

"Now we can say that it cannot be a standalone solution — it is not the car, it is the highway. The tasks and challenges that we have faced in our industry in recent years make blockchain a better fit now than ever before. On one hand, we had the pandemic, and now there is a better understanding of why working more digitally can be more efficient and better."

He explains: "We also see more exposure to big natural catastrophes and an increasing number of cyber attacks, so we need more capital in the market. We have also seen AI enter the market and have an impact, which has made people more aware of technology.

"The understanding is there, and the business cases done on the blockchain are becoming more and more realistic."

The feeling is that this time there are more realistic expectations, and the second wave may be able to fulfil at least some of what the first promised.

Lillywhite says: "I think at the time of the first wave it was a bit of a marketing spin, but we are in a different world now. We have got AI breathing down our necks, which will come with its advantages and disadvantages.

"The risk landscape has changed an awful lot, so matching scenarios and using blockchain to make those contracts more secure around risk exposure is a must."

Lillywhite anticipates that incorporating AI and blockchain smart contracts could enhance efficiency in the insurance industry, adding: "Market rates are decreasing, and clients expect us to take more of the cost out of the market. If someone like Lloyd's does lead on using blockchain to do that, then I think it will shape the market."

**"I now believe that we are back on track and the second wave can be positive because Wall Street, for example, BlackRock, is now adopting it"**

**Marcus Schmalbach**
CEO
Ryskex

**"Many people are just fed up with the insurance cycle — one minute it is down, the next it is up"**

**Gavin Lillywhite**
**Head of insurance distribution and client management**
**Axio**

## Impact on captives

However, what are the advantages of blockchain solutions for captives? And what part does the captive industry have to play? Schmalbach believes that smart contracts and parametric-type arrangements could be where we see a significant impact.

“Parametric solutions work perfectly with the blockchain because of smart contracts,” he remarks.

“With a smart contract, you have a trigger that you can programme, and then the claims adjustment and payout become an automated process. You can also include an independent third party and an independent referee. Blockchain technology could help with a 100 per cent safe and secure claim adjustment process, tokenisation, modelling, transfer, and any other necessary tasks.

“It might not be the best case that the founder Satoshi Nakamoto had in mind, but from my perspective, the blockchain is a perfect fit for risk transfer and hedging operations.”

According to Schmalbach, the more intricate the risk, the simpler it becomes to manage with such a solution. “This is a time when we require increased capacity from the capital market, as well as clarity, due to the growing complexity and scale of risks,” he says.

Meanwhile, Lillywhite predicts that there will be a growing interest in the solution over the next 10 to 12 months. He notes: “Captive managers and insurance buyers will assert: ‘The insurance industry won’t do it, so we’ll do it for ourselves’.

“Many people are just fed up with the insurance cycle — one minute it is down, the next it is up. Because of market forces, things do not tend to stay steady, but that is the draw for captives to say that if we can understand the risk, do things better, and take more of this in-house, we are not at the mercy of the insurance market.”

He adds: “That is where the opportunity may be for captives, who are more nimble and can adopt blockchain for their transactions, as they do not need to create this big infrastructure or update the big company markets to do it.

“We are on the verge of witnessing the democratisation of parametrics. The reduction in the margin of parametrics necessitates the creation of a more efficient process.

“This is another area where the blockchain can assist, as it handles all the administrative tasks, eliminating the need for numerous individuals to handle paperwork and sign contracts.”

Lillywhite highlights several benefits, including increased contract efficiency, faster risk-to-capital matching, and the attraction of new capital.

On improved efficiency, Schmalbach observes: “Working on the blockchain will decrease processing costs by a minimum of, say, 25 per cent, but even if it is only 15 or 20 per cent, we are talking about millions in terms of profitability and cost efficiency.”

Beyond the realm of smart contracts and efficiency, he asserts that the blockchain by itself does not solve every issue in our industry.

However, he adds, it presents a remarkable technological prospect that aids in risk segmentation and transfer from captive to capital market members to alternative capital, a necessity given the escalating sustained risk associated with natural disasters.

“The blockchain is not the car; the blockchain is the highway that you drive on. If you are more innovative, then there are a bunch of opportunities using the blockchain, such as trading risks and making claim adjustments more efficient,” he confirms.

So what next? Schmalbach thinks newer players and big guns may make the first move.

He explains: “I expect that we will see some domiciles, perhaps the likes of Bermuda, Dubai, Abu Dhabi, and London, try to be ahead of the curve and offer creative solutions for captives using blockchain in a bid to become more attractive than the more traditional domiciles.” ■

# Diversifying risk management strategies

**Barry White, EVP for Artex North America, sits down with John Savage to discuss the benefits of Artex's new protected cell company (PCC) domiciled in Vermont**

**Artex has established cell facilities in multiple domiciles. How does the regulatory and business environment in Vermont complement your global PCC strategy, particularly in comparison to offshore jurisdictions?**

As a true global manager, at Artex we have a very diverse and international client base that we want to provide equivalent captive solutions to across our major captive domiciles. We are always monitoring trends, and as we considered our approach to onshore PCC utilisation, we could look no further than Vermont.

Vermont has an industry-leading regulator and support framework in place locally, so we have no hesitation in recommending that clients consider establishing captive operations there.

We want to provide clients with greater flexibility when considering where to form their cells, and having Artex Axcell in Vermont really complements our offshore facilities in Bermuda and Cayman.

**Given that Vermont is currently the largest captive domicile in the world, how do you see the competitive landscape for PCCs in this jurisdiction changing, and what special value proposition does Artex Axcell PCC in Vermont offer?**

Competition between domiciles has never been stronger, making it a very healthy place to be. Our industry continues to grow year-over-year, and the respective domiciles appreciate this as they look to invest in their infrastructure, staff, and IT systems.

We anticipate continued competition as other leading locations such as North and South Carolina, Hawaii, and Arizona present compelling arguments for locating in their respective territories.

As a full-service captive manager offering solutions for single parents, groups, benefits, and protected cells, we believe we have a number of advantages at Artex over our peers.

Having this onshore PCC facility complements our offering to our distribution partners and client base. It provides both incorporated and unincorporated cells tailored to broader needs, giving clients greater flexibility as they explore alternative risk transfer solutions. We have established partnerships with leading local service providers to expedite our time to market and offer valuable advice to captive owners.

**Can you elaborate on the strategic decision to offer both incorporated and unincorporated cell structures within Artex Axcell PCC? How do you anticipate that this flexibility will benefit different types of clients?**

We have learned from our other PCC facilities around the world that offering multiple options can be a unique selling point for clients. We aim to empower our clients to make unrestricted decisions about the cell type they choose. As we manage hundreds of cells globally within our organisation, we believe we are privy to client needs and requirements, and this dual approach very much fits with our experience.

The concept of the protected cell, which needs to have its own board of directors, also aligns with clients who have a strong interest in captive benefits but might not be ready just yet to form their own standalone vehicle. However, the incorporated cell approach allows them to ‘dip their toe in the water’ and affords them a little time to make a decision if a wholly owned captive would work for them. We see other clients who simply need a platform to access reinsurance market capacity, so an unincorporated cell can make more economic and operational sense to them.

**Given the efficiency of cell facilities in terms of setup, operating costs, and exit costs, how do you envision Artex Axcell PCC serving as a catalyst for smaller organisations to enter the captive insurance space?**

We certainly see the PCC model as broadening the universe of clients that can experience the benefits of a captive model and taking carefully considered decisions to retain risk in a more formal fashion. With capitalisation for single parents in onshore locations commencing typically at US$250,000, this can be a challenge for some smaller organisations, so a cell option may be more capital efficient.

Similarly, by distributing some operating costs among cell owners, smaller organisations can benefit from adopting the cell model. Our Vermont PCC will have a stable of pre-selected key service providers, and having this structure in place can be a less daunting task for a client as opposed to having to go out and vet or select these vendors on a standalone basis.

So, speed to market, capital, and cost efficiencies are key attributes of a PCC offering, making it more attractive for smaller organisations.

**How does Artex plan to leverage its experience as one of the world's largest cell facility managers to enhance the offerings of Artex Axcell PCC for multinational organisations with complex risk transfer needs?**

Our global executive team, with representation from all our key divisions, drives the overall PCC strategy at Artex.

They discuss cell usage, innovation, and opportunities on this platform, enabling us to take tried and tested concepts from one geography and explore the advantages of launching them elsewhere within our group.

For many years, our colleagues at Artex International and Artex Capital Solutions have successfully managed cell facilities, catering to diverse client profiles across divisions.

For instance, our insurance-linked security (ILS) strategy in Bermuda has shaped our PCC approach, which leverages cells to streamline capital markets transactions. We are able to monitor trends from other locations within our group, and this will help us further develop our offerings for Vermont.

**With the ability to access reinsurance and capital market capacity through the PCC, how do you foresee this impacting the risk management strategies of cell participants, particularly in hard market conditions?**

We have seen some very challenging market conditions in the past couple of years, and when clients find themselves in these cycles, not only do they face pricing pressures, but as we saw for property in 2023, clients can find it very difficult to source capacity for their programmes.

By having a cell in place, clients have a platform from which to seek capacity that they may very well not have access to when just working in the traditional insurance placement process.

While it depends on the risk and nature of the market cycle, cell owners do provide themselves with the potential for greater flexibility in building out their risk management strategies.

We could see some corporate clients with particular individual peak risks using a cell to both access traditional reinsurance and also capital market capacity. By structuring this through a cell, it also helps to segregate a particular risk from other captive risks.

**As PCCs continue to evolve in the captive insurance marketplace, what future innovations or developments do you anticipate in this space, and how is Artex positioning itself to lead these advancements?**

Interesting areas going forward include clients wishing to segregate first and third party risks through the use of cells. A client may have great data and understand the risk really well, but from a corporate perspective, they may want to segregate first and third party risks from one another, and a cell is an innovative way to do this.

We envisage opportunities in the private equity (PE) space where investors may have a level of risk appetite but, for strategic purposes, need to keep separate individual insurance programmes in place. The PE firm can harness their risk appetite by establishing a cell to participate in a specific programme while continuing to separate the programs of individual businesses. We also continue to see MGAs looking at cells as a way to potentially share in underwriting profits but also start to create their own programme capacity. This is an area we are closely monitoring and could be a valuable strategic tool as markets develop over the next few years.

Looking back over time, we see how captive products have evolved, which encourages us that there is a lot of innovation in the marketplace. Cells will play a significant role in providing ongoing solutions to the risk management challenges faced by organisations of all sizes. ■

# Regulatory updates in the Bahamas

# Dana Munnings-Gray, acting superintendent of insurance at the Insurance Commission of the Bahamas, summarises recent legislative updates and their implications for the industry

Insurance is a cornerstone of economic stability and growth, offering essential protection and support to individuals, families, and businesses.

To maintain this role, the sector must have a well-regulated environment that prioritises consumer protection and supports a highly skilled and professionally adept workforce.

Regulatory updates in the insurance industry are essential for upholding a robust and transparent sector that can safeguard consumers and foster market stability. As the insurance landscape transforms with emerging risks, technological innovations, and evolving consumer demands, regulations must adapt accordingly.

These updates ensure that the industry operates under fair and equitable principles, cultivating trust and confidence among policyholders. Additionally, regulatory updates mitigate systemic risks, strengthen the industry's resilience, and support sustainable growth by establishing clear regulations for compliance and operational procedures.

The Insurance Commission of the Bahamas (ICB) is the regulatory body that oversees and governs the country's insurance industry. Established to maintain a stable, transparent, and efficient insurance market, the ICB ensures adherence to the Insurance Act 2005 and the External Insurance Act 2009.

These laws established a comprehensive framework for licensing insurers and intermediaries, monitoring the financial well-being of insurance companies, and protecting policyholders' interests.

The commission's responsibilities encompass conducting regular inspections and audits, addressing consumer complaints, and ensuring all market participants uphold the highest standards of integrity and professionalism. Through its diligent regulatory efforts, the ICB strives to cultivate a trustworthy and resilient insurance sector that contributes to the overall economic stability and growth of the territory.

## Legislative modernisation

The Bahamas is set to modernise and harmonise its insurance legislation, marking a significant step forward in 2024. The ICB is leading the charge, merging the Insurance Act 2005, the Insurance (General) Regulations 2010, and the External Insurance Act 2009 into a single, cohesive framework. This strategic initiative is designed to streamline the regulatory environment, providing greater clarity and operational efficiency for key stakeholders.

The amalgamation process, which has already commenced, involves not only combining these pieces of legislation but also amending them to form a unified Insurance Act and Insurance (General) Regulations. A primary goal of this effort is to eliminate preferential treatment of external insurance companies over domestic ones.

Additionally, the updated legislation aims to be progressive and innovative, enhancing the jurisdiction's appeal to those interested in conducting insurance business in the Bahamas.

To further bolster regulatory clarity and the financial stability of the Bahamian insurance sector, the commission has addressed inconsistencies within Regulation 60 of the Insurance (General) Regulations 2010, particularly regarding share capital registration requirements.

In light of these developments, the ICB has committed to a detailed examination of the existing rules and regulations that govern the insurance industry. Their goal is to ensure that these regulations continue to serve their fundamental purposes — protecting consumers who rely on insurance; ensuring that insurance companies remain financially sound; and maintaining a competitive market that is fair for all players.

Additionally, the ICB is focusing on modern threats that impact the insurance landscape, such as the risks posed by cyber attacks and the implications of climate change.

These are complex challenges that require modern solutions, and the updated regulations will aim to address them effectively.

The upcoming legislative work is expected to pave the way for a more robust and adaptable regulatory environment that supports the continued growth and development of the Bahamian insurance industry.

## Combating emerging issues

The ICB is intensifying its crackdown on money laundering, terrorist financing, and proliferation financing through stringent enforcement of international compliance standards.

Following the Anti-Terrorism (Amendment) Act 2019, the commission has issued directives based on United Nations Security Council releases regarding threats posed by entities like ISIL (Da'esh), Al-Qaida, Iran, and North Korea.

These directives demand enhanced vigilance from the financial sector, especially targeting high-risk jurisdictions identified by the Financial Action Task Force (FATF).

The FATF, recognising these jurisdictions as prone to money laundering and terrorist financing activities, has prompted the commission to mandate that licensees implement rigorous due diligence when engaging with individuals, companies, and financial institutions from these regions.

These entities are also required to report their risk mitigation strategies back to the commission.

In its commitment to combat financial crimes, the ICB continues to align its anti-money laundering and counter-terrorism financing framework with the FATF's 40 recommendations and methodologies.

Through strong governance, collaboration with industry stakeholders, an unwavering commitment to combating financial crime, and a focus on professional development and international engagement, the commission strives to ensure a healthy and well-regulated insurance environment for all participants. ■

*For those seeking further details on these updates or wishing to offer feedback, the commission has made resources available on its website at* ***www.icb.gov.bs***

**"The upcoming legislative work is expected to pave the way for a more robust and adaptable regulatory environment"**

**Dana Munnings-Gray**
Acting superintendent of insurance
The Insurance Commission of the Bahamas

# Case study:
## True Captive Insurance

**David Voorhees, CEO of True Captive Insurance, reflects on a case study where strategic management of healthcare plans saved a company US$1.5 million**

Recently, a company faced a significant challenge, with a substantial number of employees experiencing high-cost claims for gene therapies and expensive medications related to chronic conditions. These therapies, while not experimental, were cutting-edge and carried significant costs.

The financial burden of covering these advanced therapies was immense. The company needed to find a way to provide necessary treatments without jeopardising the financial stability of their health plan. The estimated annual cost-savings target was significant, with a focus on both reducing expenses and enhancing employee benefits.

True Captive Insurance implemented a strategic approach to address the high-cost claims associated with gene therapies and expensive prescription drugs.

True Captive reduced the company's expenses by US$1.5 million before they began coverage and cost-containment strategies.

**Could you elaborate on the specific gene therapies and medications driving the high-cost claims?**

One is specifically related to blindness, and the other is von Hippel-Lindau (VHL) disease.

**Did True Captive leverage any data analytics tools to identify the high-cost claim trends and potential cost-saving opportunities related to gene therapies and medications?**

No, these therapies were discovered through conversation and consultation prior to the group joining. However, we do conduct in-depth discovery to comprehend the current status of the plan, the culture, and their readiness to engage in a robust strategic partnership.

**Could you delve deeper into how True Captive achieved US$1.5 million in savings before coverage even began? Were there specific negotiation strategies employed with drug manufacturers or healthcare providers?**

In consultation with our pharmacy partners, we researched active ingredients and looked for any therapies or treatments that could have similar interactions and/or results.

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### Beyond the pre-coverage savings, what specific cost-containment strategies did True Captive implement to address the ongoing expenses related to these treatments?

Our strategies are most effective when we have recurring monthly meetings to discuss progress and recent happenings.

These meetings are similar to one-on-one meetings with staff members in an organisation, but they focus on discussing anecdotal feedback and the experiences that participants in the plan are experiencing. Asking the right questions and listening to the answers can teach you a lot.

### Did True Captive implement any programmes to encourage preventive care or medication adherence, potentially reducing future high-cost claims for these chronic conditions?

Our consultative discussions are preventative in nature. We also use real-time analytics to help us monitor post-experience data and use our conversations to stay ahead of anything that could be significant, where we can positively impact the member's experience and improve the financial efficiency of the employee or patient and the organisation.

### Is this approach applicable to companies of all sizes dealing with similar high-cost treatment challenges? If so, how can True Captive tailor its solutions to different company needs?

Yes, this strategy is effective at any size. The key is to include the right people in the discussion to offer valuable feedback and share ideas.

### Can you share any insights on how this case study reflects broader trends within the healthcare industry regarding gene therapies and expensive medications?

Much like fashion, where past trends come back around in popularity, insurance is at a similar inflection point. While some heavily rely on AI and automated tools, others, such as True Captive, recognise that to truly impact performance, success, and satisfaction, you have to harness both data and be close to the decision-makers.

Many people get it wrong when it comes to identifying who the decision-maker is.

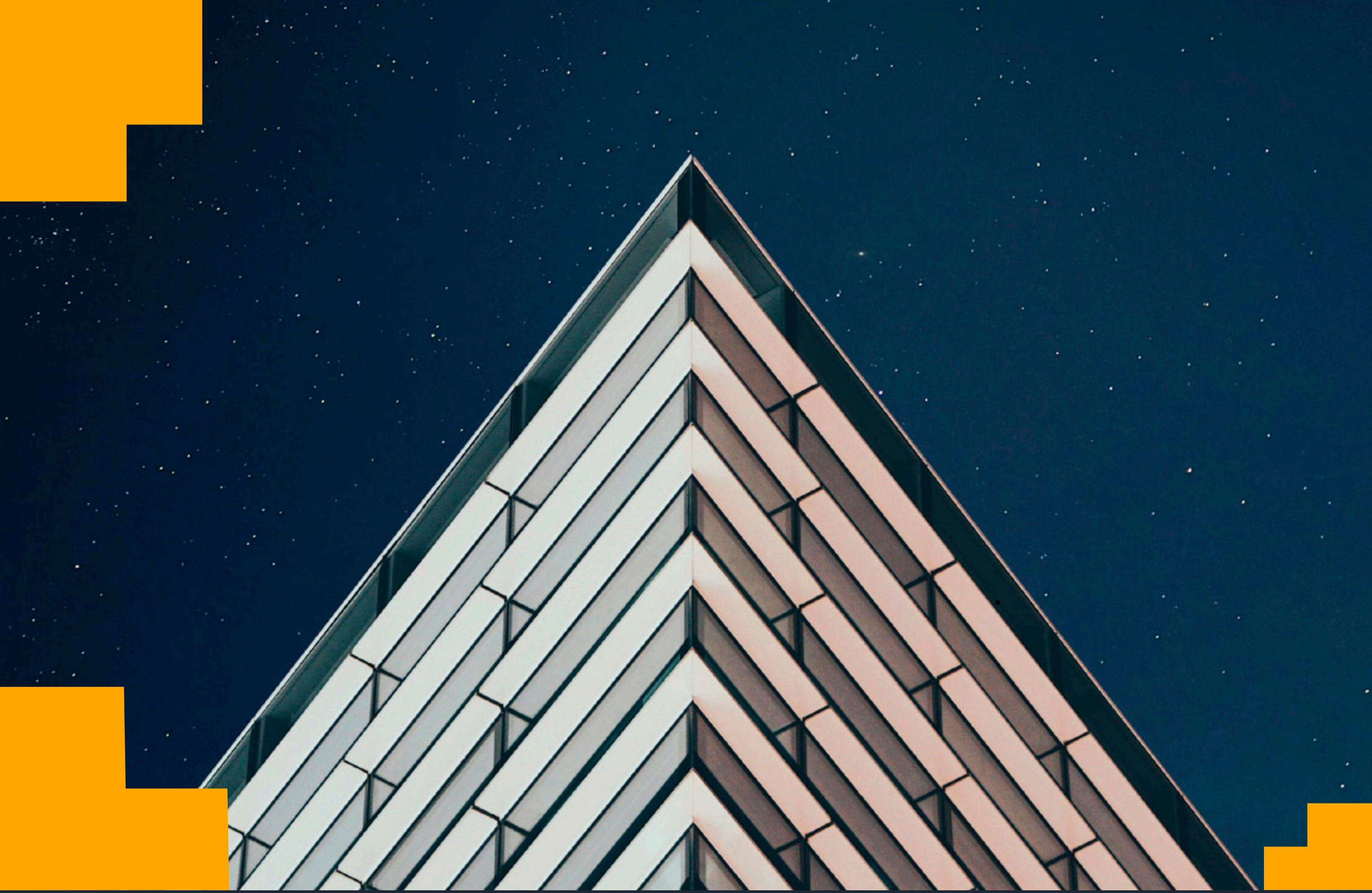
It is not the CFO, CEO, or CHRO; it is the employee who consumes healthcare and makes decisions that have a profound impact on their health outcomes and the overall financial picture.

If you capture the trust of the decision-makers, you can work together to find the best course of action with the most efficient financial outcome, much like when we used to have doctors visit us in our homes on house calls. Somewhere along the way, we forgot who the key decision-maker was.

### Could you elaborate on how True Captive's model specifically benefited this company in addressing the high-cost claims challenge compared to traditional insurance options?

This group had previously been self-funded. The collaboration and application of our discovery approach dramatically impacted the trajectory of their plan far before they became customers, and they are off to their best year yet. ■

**David Voorhees**
CEO
True Captive Insurance



# Malta

**Malta's presence in the captive insurance market for US groups with European risks is expanding, as its insurance undertaking cells now total 79**

***Mark Dugdale reports***

Breaking into the US market, home to 333.3 million consumers and a GDP of around US$25.4 trillion, is a significant goal for many European businesses. Despite its allure, achieving success in this competitive arena is challenging.

In the 1960s, European luxury car manufacturers, eager to tap into the booming US retail sector, devised an innovative strategy. They offered American families the opportunity to pick up their new cars directly from Europe, showcasing the premium lifestyle associated with these brands.

These customers enjoyed free flights, luxury accommodations, and private factory tours, driving their cars on scenic European roads before having them shipped back to the US.

According to the publication European CEO, these ingenious overseas delivery programmes hastened the arrival of upmarket European cars on American roads, and despite the winding down of many in the intervening years, many high-end brands still use versions of them in their marketing strategies.

Fast forward to today, and Malta's captive insurance sector is adopting a similar hands-on approach to attract US businesses. Last year, FinanceMalta, a public-private partnership promoting Malta as a financial hub, for the first time sponsored and participated in the Captive Insurance Companies Association (CICA) International Conference in California. This move, recommended by the Malta Insurance Management Association (MIMA), aimed to position Malta as the ideal jurisdiction for US groups with European risks.

The FinanceMalta delegation included representatives like Elizabeth Carbonaro from WTW and MIMA, Ian Stafrace from Atlas Insurance PCC, Beppe Sammut from Ganado, and Andrea Nurchi from FinanceMalta. Over 500 delegates attended Carbonaro's session on international domiciles, which proved to be highly productive. According to FinanceMalta's 2023 annual report, nearly every interaction at the conference generated potential new leads, highlighting the success of this direct engagement strategy.

## Seeking innovative mitigation solutions

In the captive insurance industry, meeting these US groups at the source is nothing new — many international domiciles have done so for many years — but the message in this case is somewhat different.

Malta has the unique distinction of being the only EU member state with protected cell company (PCC) and incorporated cell company (ICC) legislation, "providing clients with additional choice and flexibility in how they choose to establish and structure their captive vehicle," says David Hogg, Aon's regional managing director for captive and insurance management in EMEA.

Hogg notes: "US companies are continuing to proactively seek new and innovative ways to mitigate increasing insurance spending and better manage their total cost of risk.

"Europe is a geographically and culturally diverse region with differing local regulatory and compliance requirements, in addition to those required under Solvency II, which can create challenges when looking to implement a consistent insurance programme throughout a group."

Hogg explains that historically, US companies with a European footprint have turned to the commercial market to navigate these challenges and issue fully compliant policies within Europe, which they then reinsure to their North American-domiciled captives.

"The commercial insurer normally charges a frictional 'fronting fee' for services provided and often requires supporting collateral from the reinsurance captive," Hogg adds. "Depending on the volume of premium ceded, these frictional costs can often be significant. The fronting company may also have internal controls and restrictions on the policy form that are insurmountable, regardless of whether the policy is reinsured to a client-owned captive."

As a result, Aon and others are "continuing to see a trend towards larger companies establishing their own European captives or cells within the Solvency II regulatory environment in order to assume greater control of their insurance programme and to control the frictional costs associated with fronting".

Traditional P&C lines have typically been the focus of these captives or cells, but more recently, Aon has seen an increase in the formation of European captives to issue professional indemnity, cyber, product recall, and other more specialised coverages in areas where commercial market capacity may be more limited.

For US groups with risks in Europe, PCCs are particularly compelling. Protected cells, which have been a captive insurance capability of Malta for two decades, "are often more cost-effective than owning a standalone carrier or captive, particularly within the EU, where the costs of robust regulation are significantly reduced when shared within a PCC structure," says Ian-Edward Stafrace, chief strategy officer at Atlas Insurance PCC, which was the first adopter of this type of captive insurance vehicle. He continues: "Malta is the only EU PCC domicile offering direct access to the European Economic Area (EEA)."

Having been active in the UK since 2010 and recognising the challenges Brexit brought, Atlas went one step further in January 2024 and became the first EU-based PCC to obtain a UK branch licence.

This move "reinforces Atlas' century-long innovation legacy and supports the continuity and growth of seamless cross-border insurance services across the UK and EEA for the cells it hosts," Stafrace observes.

Malta PCCs provide additional benefits that are attractive to US groups, such as eliminating the need for a fronting partner, while stakeholders raise the bar for captive substances. Stafrace says:

**"Protected cells are often more cost-effective than owning a standalone carrier or captive, particularly within the EU"**

**Ian-Edward Stafrace**
**Chief strategy officer**
**Atlas Insurance PCC**

"With their shared economies of scale, PCCs can help address substance requirements as cells form part of a broader single entity that provides shared board, governance, key functions, premises, and resources."

He continues: "Maltese PCCs provide confidence in being onshore in the EU while avoiding the complexities, costs, and time associated with a standalone company.

Furthermore, EU Solvency II recognises cells as ring-fenced funds, meaning there are no minimum capital requirements for individual protected cells having recourse to the core, as these apply at an overall company level. Cell owners retain complete legal protection of their assets from liabilities of the core or other cells."

For US groups Malta is seeking to attract, the speed and agility with which providers such as Atlas can meet their needs are even more compelling. For instance, Atlas collaborated with a global captive manager on behalf of a client who had a Vermont captive and desired to establish a protected cell to mitigate its exposure to EU-based risks.

Stafrace says: "As discussions progressed, it was clear in December that there would not be sufficient time to license a cell for its 1 January renewal. Atlas underwrote the renewal through its core, thereby reinsuring the US captive, given that it had already received passports to all the countries where the risks were located for the necessary insurance classes.

"Atlas provided a quick solution within a couple of weeks during the holiday season while allowing much more time for the setup of a cell to be considered within the same PCC."

Meanwhile, Hogg emphasises that swift implementation and the agility of regulators and service providers are crucial for domiciles to effectively address the evolving needs of clients and market participants.

He further explains: "Thankfully, the EU has a highly mature and experienced infrastructure that can support the captive insurance business. The Solvency II regulatory environment is comprehensive, but also proportionate to the nature, scale and complexity of the business to be undertaken, which in turn provides options for organisations to select a domicile which most appropriately aligns with their business strategy."

PCCs in Malta cater to a wide range of sectors, from risk-financing captive solutions to insurtech innovators retaining underwriting profits. The later client set provides Stafrace with his next practical example of the benefits of the jurisdiction's PCC regime.

Stafrace says: "In the insurtech space, an intermediary providing embedded insurance established a cell to become its own carrier, thus gaining control over capacity, retaining profits, and expanding offerings across the EU and UK.

"This approach enabled the company to test, refine, and scale its solutions without relying on insurers and without the substantial time, investments, and expenses required to set up an insurance company."

He adds: "With the pace of change continuously increasing, organisations appreciate the ability to adopt an agile, iterative approach to setting up their insurance vehicles with real options to scale and evolve.

"As an independent PCC host, Atlas also extends the win-win opportunities for global insurance and captive management companies, brokers and consultants, and their customers."

Given the benefits, it is no surprise to see that Malta's cell growth continues to outpace standalone companies. Last year, Malta's insurance undertaking cells grew by three per cent to 79, while the number of non-domestic insurance companies and captives reduced by three per cent to 57, while the total gross premiums written for risks outside Malta in 2023 reached €7.6 billion.

Carbonaro observes that the growth trend for cells "has increased primarily for captives, and primarily those that are not considered to be complex captives, therefore retaining a smaller number of risks".

She continues: "The cell offers a very cost-efficient solution. The governance structure at the core significantly reduces management time for the cell owner, alleviating a significant burden in the era of Solvency II and enabling the captive owners to focus on their primary underwriting risks.

"The cell structure also gives cell owners a robust platform from which they can operate. The PCC structure will have substance on the ground in Malta, made up of a complement of individuals that have the necessary expertise, experience, and competency to run the captive efficiently with minimum input from the group or with as much input from the group as desired by the group."

**"Aon and others are continuing to see a trend towards larger companies establishing their own European captives or cells within the Solvency II regulatory"**

**David Hogg**
**Regional managing director for captive and insurance management in EMEA**
**Aon**

Carbonaro notes: “From a cost perspective, a cell is typically cheaper to run than a standalone captive, so the ongoing running costs will be lower; how much lower will depend on whether the cell is a direct writing cell or a reinsurance cell and the types of risks that will be placed in the captive. Typically, however, cells can generate savings of up to 30 per cent of costs.

“From a capital point of view, the cell does need to be solvent in its own right, so in the case of captives, the primary benefit is that the cell will not need to hold the regulatory minimum capital as this is held within the PCC as a whole.”

“Do I see this trend persisting? Logically, I do, as the benefits are pretty compelling.”

How much of an advantage does Malta have because it is the only EU member state with PCC and ICC legislation? The increase in cells established in Malta, according to Carbonaro, best illustrates the advantage. She elaborates: “Cells are also occasionally seen as the stepping stone into the captive world, so once groups become more familiar with the captive world, or indeed, if groups decide to place more risks into the captive or decide that they want more control or complete autonomy, they are able to convert the cell into a captive. A cell, in particular, allows for a simpler structure at the group level from a European point of view.

“Therefore, while the results of the cell will normally be fully consolidated into the results of the group, from a governance point of view, it allows for less management time, thereby allowing management to concentrate on their business and risks.”

## A strategic opportunity for global captives

Malta’s regulatory framework, tailored to understand and enable captives while adhering to EU standards, has been instrumental in the sector’s growth, according to Stafrace. The jurisdiction also boasts an efficient environment with lower operational costs versus other EU domiciles, as well as a highly qualified and experienced local workforce. It is already home to a growing number of insurance operators, and it has EU and OECD-compliant financial and tax regulations, along with more than 70 double taxation treaties.

Stafrace describes the Malta Financial Services Authority as a “well-established, respected, yet approachable regulator”. It is a member of the European System of Financial Supervision, which includes the European Banking Authority and the European Insurance and Occupational Pensions Authority (EIOPA), as well as the Single Supervisory Mechanism within the European Central Bank. Further benefits include a well-diversified and resilient economy, with Fitch affirming the jurisdiction’s ‘A+’ long-term rating with a stable outlook in March and the European Commission’s spring 2024 economic forecast projecting it would have the highest economic growth rate in the EU in 2024 and 2025. He asserts: “Having the euro as its official currency, reliable and well-developed IT infrastructure, excellent flight connections, and a safe and pleasant lifestyle further attract international business to Malta.”

Malta is clearly capable of meeting many captive insurance needs and it is uniquely placed to do so with its PCC regime. And more and more of those US groups that FinanceMalta is reaching out to are learning of these benefits, just as Europe’s upmarket carmakers did with US consumers in the 1960s.

“Malta’s insurance-protected cells provide a strategic opportunity for global captives seeking more efficient EU and UK risk coverage and market access,” Stafrace summarises.

“With its favourable regulations, EU membership, and experienced PCCs and insurance management companies, Malta offers cost-effective, flexible, and agile solutions for businesses seeking to address and thrive through emerging captive insurance challenges.”

Hogg concurs, stating: “A well-educated and multilingual workforce serves Malta’s sophisticated and mature insurance market, which is highly competitive.”

“As an EU member state for over 20 years, Malta is a Solvency II-compliant jurisdiction with a business-friendly environment that supports the insurance industry and provides the ability to establish both reinsurance and direct-writing captives.

“At Aon, we have a hugely experienced insurance management business that provides a full suite of management services to our captive clients in Malta — including many from the US who choose Malta due to the advantages that it can provide.”

## Rising competition for Malta’s market

Once interested US groups learn of Malta’s benefits, the work to understand how they can best utilise them to meet their own unique needs is paramount.

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Hogg notes: “The strategy, risk profile, and subsequent needs of every organisation will be unique. However, all organisations will need to consider the benefits, costs, and compliance requirements needed to directly write insurance in Europe versus doing so on a reinsurance basis.

“We also need to take into account any specific contractual requirements an organisation may have, the availability of fronting carriers, and the specific operational requirements of certain captive domiciles. We would always recommend that an organisation undertake a detailed feasibility study that would take a holistic view across all European domiciles in order to identify those domiciles best aligned to each organisation’s unique requirements.”

Indeed, US groups considering a jurisdiction will need to understand “the additional governance that is required within a European captive when compared to offshore or US domiciles,” Carbonaro says.

She adds: “Though I believe it is fair to say that even European offshore domiciles have strengthened both their governance and capital structures, so while they might not be at the level of Solvency II, they are taking a risk-based approach both from a capital point of view and also from a governance point of view.”

Carbonaro also points to EIOPA “finally acknowledging that captives carry a much lower systemic risk than normal insurance companies”.

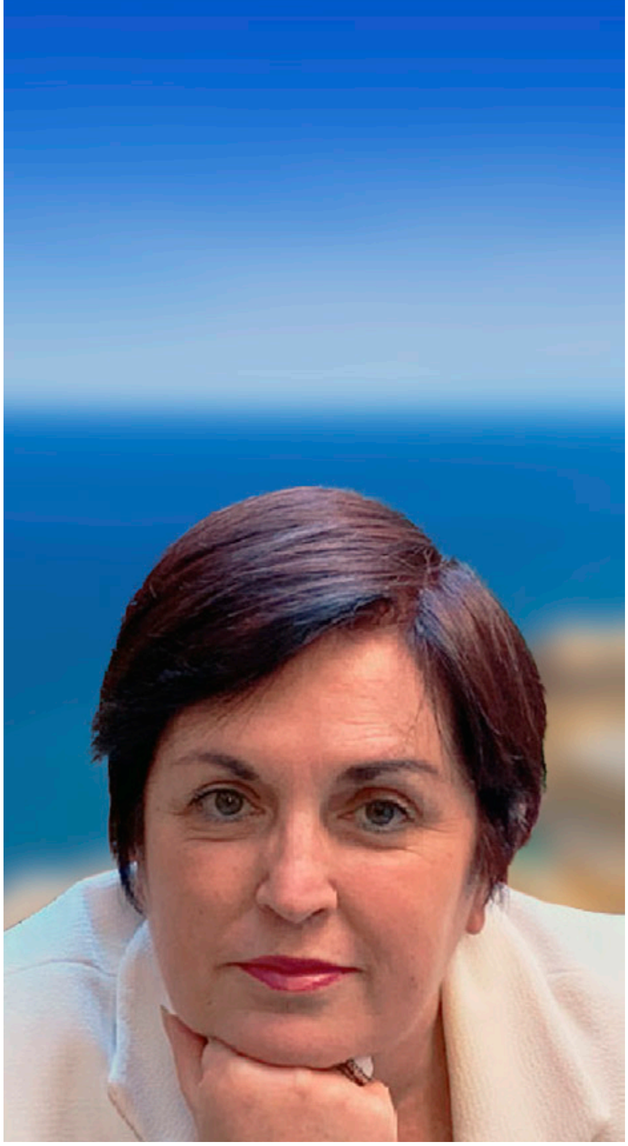
“The reforms, therefore, whilst not being as ‘reformative’ as we would have liked, do go some way towards reducing the regulatory burden on captives, hence allowing NSAs to take a more proportionate approach in overseeing them. Looking at it from a jurisdictional perspective, arguably the interest being shown by other European jurisdictions to develop as captive-friendly domiciles, does create more competition for Malta, however, what impact this will have remains to be seen.”

Hogg predicts captives in Europe will continue to grow and expand into new lines of business and emerging risk areas: “We have seen this in recent years in the cyber market, where clients have continued to use captives to retain risks and/or access alternative forms of capital.

“Employee benefits also continue to grow as a new area for both new and established captives across Europe, and this is a trend we anticipate will continue in the coming years.”

**"In the case of captives, the primary benefit is that the cell will not need to hold the regulatory minimum capital as this is held within the PCC as a whole"**

**Elizabeth Carbonaro**
**Regional managing director, Western Europe**
**WTW**



**Danielle Brown**
Captive consultant
Hylant

# Leveraging captive management with regulatory experience

Danielle Brown from Hylant shares with Diana Bui how her experiences in captive management and the state regulation department shaped her career trajectory

**Could you share any insights or experiences you have had in the captive insurance industry? What types of companies have you assisted in captive formation, and what specific risks were they aiming to protect against?**

My expertise lies primarily in captive management, where I have worked extensively with single-parent, cell, and risk retention group (RRG) captives. In particular, I have been involved in the formation of both single-parent and cell captives.

In today's challenging insurance market, captives have become crucial for controlling insurance costs. Many companies are now writing their own property and liability policies through captives, which allows them to manage risk more effectively and reduce expenses. Additionally, I have observed a significant increase in the use of deductible reimbursement policies. These policies add a layer to commercial insurance policies, further helping companies lower their overall insurance costs.

**How has your previous experience prepared you for your current role?**

I have over five years of captive management experience, complemented by a few months as a captive regulator. Both roles have been invaluable in shaping my approach to consulting. One of the key aspects of my job is educating clients about captives' financial advantages. My background in accounting and captive management equips me with the necessary skills to effectively communicate and demonstrate these benefits, ensuring clients fully understand and appreciate the value a captive can provide to their financial strategies.

**Based on your experience, what would you say are the key benefits of working in this industry?**

One of the most rewarding aspects of working in this industry is the opportunity to travel and build relationships with others in the field. The captive industry is filled with many wonderful people, and meeting and getting to know colleagues at conferences and during travel is incredibly beneficial. These interactions not only enhance professional connections but also foster a supportive network that enriches both personal and professional growth.

**Can you name your main influences in the industry?**

Three women have significantly influenced my career in the captive insurance industry: Courtney Doherty, Christine Brown, and Anne Marie Towle. Each of these women embodies strength and leadership in our field.

Courtney Doherty was my first mentor when I joined the industry. She works at Marsh, and she was just a few months out from maternity leave when we started working together.

*Personal bio*

*Danielle embarked on a new journey as a captive consultant with Hylant in June 2024, bringing with her six years of experience in the captive insurance industry. Her professional trajectory includes five years in management roles, divided between Hylant and Marsh, and a brief tenure as a captive insurance examiner with the State of Vermont. Danielle's commitment to professional growth is evident from her attainment of an Associates in Captive Insurance (ACI) in May 2022. She is currently pursuing her P&C license and is an active participant in the Hylant MBA programme.*

*Danielle is deeply passionate about education within the captive industry, dedicating her efforts to teaching clients and mentoring younger generations. She relishes the opportunity to connect with clients and the travel opportunities her career affords. Beyond her professional life, Danielle enjoys bartending, golfing, playing pickleball, and spending time with her Bernese Mountain Dog, Tripp.*

Despite my lack of experience coming out of college, Courtney quickly brought me up to speed on our clients. Her guidance and willingness to teach me about captives were invaluable during those early days.

Christine Brown is another key figure in my professional journey. From the moment we met, we connected on both personal and professional levels. I trust Christine and often seek her advice for my career. Her support has always been a source of strength for me.

Lastly, Anne Marie Towle is a highly respected figure in our industry. I feel privileged to learn from and collaborate with her. Anne Marie's extensive knowledge of the industry is something I strive to absorb daily. She is a strong advocate for women, young talent, and continuing education — all values I resonate with deeply.

**What are your aspirations for your future career in the industry?**

In the short term, I am focused on studying for my Property and Casualty (P&C) license. Looking ahead, my goal is to continue growing and learning within the captive insurance industry.

**"In today's challenging insurance market, captives have become crucial for controlling insurance costs. Many companies are now writing their own property and liability policies through captives"**

Education is a passion of mine, not only for my personal development but also for helping to educate newcomers to the industry. I believe that continuous learning and sharing knowledge are crucial for professional growth and industry advancement.

**What advice do you have for someone considering a role in captive insurance?**

Find someone to ask the silly questions to. Being mentored, or having a trusted colleague who does not mind addressing your basic queries is invaluable. Additionally, take advantage of any learning opportunities offered to you. Whether it is a workshop, a seminar, or an online course, continuous learning is crucial in this industry. These experiences not only enhance your knowledge but also broaden your perspective and skill set, making you a more versatile and competent professional. ■

*"With experience in captive management, including roles in single-parent, cell, and RRG captives, Danielle has a deep understanding of the industry. Her experience in captive formation, particularly during the challenging market, has proven invaluable in helping companies manage costs by leveraging captives for property, liability, and deductible reimbursement policies."*

**Anne Marie Towle**
CEO
Global Risk & Captive Solutions
Hylant

# Asia at the forefront of the captive insurance market

**Nadeeka Sarah, events manager at Labuan IBFC, talks to CIT about the upcoming Asian Captive Conference in Kuala Lumpur and what attendees can expect**

### What is the date and location of this year's 7th Asian Captive Conference? What are the registration and event hours for the conference?

The 7th Asian Captive Conference will be held on Thursday, 19 September 2024 at the Sime Darby Convention Centre, Kuala Lumpur, Malaysia.

The conference will begin with registration at 08:00 local time, followed by opening remarks from the executive chairman and CEO of Labuan IBFC at 9:00.

The event will officially conclude at 17:30.

### What can attendees expect to learn about captive insurance in the APAC region? What are the primary subjects that the conference will cover?

Attendees can expect to learn about the trends and challenges in captive insurance in the APAC region, in addition to the advantages of practising captive insurance in this region.

The conference will primarily address the challenges and opportunities associated with the implementation of BEPS 2.0, the distinctions between Asian and Micronesian jurisdictions, and the strategies, advantages, and trends in employee benefits through captive insurance. There will also be discussions on the use of technology, digitalisation, and AI in captive companies, as well as an introductory conversation on leveraging captives for business benefits and a more advanced discussion on adapting captive insurance strategies for BEPS 2.0.

### How does this year's conference theme address the evolving needs of the captive insurance industry in the APAC region?

The theme ‘Leading the way in captive innovation’ addresses the evolving needs of the captive insurance industry in the APAC region by promoting technological advancement, regulatory adaptation, risk diversification, market growth, sustainability, and customer-centric approaches.

By focusing on these areas, the conference aims to equip industry professionals with the knowledge and tools necessary to navigate the dynamic landscape and drive growth and innovation in the region.

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### Will there be discussions on recent regulatory changes, such as OECD BEPS 2.0, and their impact on captive insurance?

Yes, there will be a panel discussion on the vital role of captive insurance within the evolving OECD BEPS 2.0 framework and its global reporting implications.

There will also be a breakout session on BEPS 2.0's key changes and impact on captive insurance. This discussion will also cover how to position captive insurance structures to ensure compliance with BEPS 2.0 requirements.

### What networking opportunities will be available for attendees?

Attendees will have at least four formal networking opportunities, and they are free to have their own informal networking sessions at any time during the conference.

The conference is expected to attract more than 300 stakeholders, including regulators, insurance professionals, investors, and professional service providers from the global captive industry, as well as government agency representatives and media. Therefore, networking opportunities are varied and plentiful.

### How does the conference plan to address the role of technology and AI in captive insurance?

The conference will address the role of tech and AI in captive insurance by having a panel discussion on this topic that will explore strategies for leveraging technology to enhance captive company products and learning about the digital economy, especially the insurtech segment. The panel will also outline ways to adopt and integrate AI into captive insurance.

### What will be discussed in the session comparing different captive jurisdictions in Asia and Micronesia?

The discussion will delve into distinctive advantages that contribute to these jurisdictions' captive success, comparing and contrasting their regulatory frameworks as well as successful captive strategies. The captive insurance market's emerging trends and creations will also be covered in detail.

### How can interested parties become event sponsors or panellists?

Interested parties can reach out to me at events@libfc.com or call +60 12 338 8207 for more information on sponsorship or panellist opportunities.

**Nadeeka Sarah**
Events manager
Labuan IBFC

# Industry Appointments

## Kindstedt promoted to President at Advantage Insurance

Christina Kindstedt has been appointed as president at Advantage Insurance Management. Kindstedt joined the company in 2017 to open its office in Vermont, after working at WTW for more than 14 years.

During her time at Advantage Insurance, she has led the team to form and manage different types of alternative risk transfer vehicles whose total annual premium exceeds US$3 billion.

William Buell, CEO of Advantage Insurance, says: "We recognise Christina's contribution and are thrilled to give her an elevated platform to do more.

"With her new responsibility to develop and execute growth strategies, we expect Christina to replicate her past successes and take Advantage to the next level in the alternative risk transfer industry." ■

## Blackwell Captive Solutions appoints Lydon as National Vice President

Blackwell Captive Solutions has named Scott Lydon as national vice president in sales.

He joins the company from Centivo, where he was a regional sales leader. He has expertise in strategic relationship development and management in the employee benefits sector.

Prior to Centivo, he served as regional vice president of sales at Allied Benefit Systems and vice president of key accounts at UnitedHealthcare.

Kari L. Niblack, president of Blackwell Captive Solutions, says: "Scott has exceptional full-cycle business development experience and will play a dynamic and lead role in defining and executing our long-term strategic goals while continuing to deliver best-in-class solutions to our customers."

Lydon adds: "As healthcare costs continue to rise, employers are increasingly looking to captive solutions for cost stability, programme flexibility, health risk management strategies, cost transparency, and the potential to be rewarded for great practices to improve employee health.

"I am thrilled to join the Blackwell Captive Solutions team to help give health benefits stakeholders complete control over their employee benefits."

## Penberthy promoted to Chief Financial Officer at Arch Insurance International

Arch Insurance International has promoted Marie Penberthy to chief financial officer (CFO), following the departure of Jason Kittinger from the role.

In her new position, Penberthy will be responsible for the finance function, including accounting, financial planning and analysis, and reporting. Based in London, she will report to Hugh Sturgess, president and CEO of Arch Insurance International.

Penberthy joined Arch Insurance UK in 2022 as a financial controller, before becoming CFO of the UK operations in December 2023. Previously, she worked as a corporate financial controller at Talbot Underwriting.

Commenting on the appointment, Sturgess highlights: “Marie is a valuable addition to our executive team with a firm understanding of our finance function and a vision for further modernisation, building on previous successful projects and performance enhancements.”

### Alliant appoints Bisig to leadership role in Employee Benefits division

Sean Bisig has joined Alliant Insurance Services as senior vice president (SVP) and producer within its Employee Benefits division.

Before joining Alliant, Bisig was a SVP at NFP, and he served as a VP of Business Development at Progyny.

With more than 20 years of experience in the insurance industry, he specialises in designing, implementing, and managing employee benefits programmes.

Kevin Overbey, president of Alliant Employee Benefits, comments: “Sean’s extensive experience and strategic approach to benefits management will be invaluable as we continue to provide innovative and effective benefits solutions to our clients.

“His commitment to aligning benefits strategies with organisational goals perfectly complements our mission to help our clients attract, retain, and engage top talent.”

### Aon names Schmidt as Global Industry Leader

Aon has appointed Petra Schmidt as global industry leader within Enterprise Client Group.

Schmidt has worked at Aon for nearly 28 years, having recently served as a global financial institution's commercial leader. Prior to joining the firm, she was an executive board member at BritishAmerican Business.

Commenting on the appointment, the company says: ‘Petra’s dedication, expertise, and strategic approach will help reinforce the firm’s role as an industry leader, helping clients make better decisions.”

Schmidt states: “I am very excited and honoured to take on this role within Aon. Our capabilities in risk capital and human capital, informed by industry, will allow our clients to be better informed, better advised, and make better decisions.” ■

## AXA XL appoints Bailey as Head of Professional in Bermuda

AXA XL has appointed Michelle Bailey to the new role of head of professional in Bermuda.

In her new role, she will report to Noel Pearman, chief underwriting officer at AXA XL Bermuda, and lead the professional lines underwriting team, including D&O, employment practices liability (EPL), wage and hour (W&H), errors and omissions, and cyber lines of business.

Her responsibilities also include developing and effectively managing client relationships across all lines, as well as overseeing the execution of strategies to drive profitable growth.

Bailey was senior vice president and product line leader for the EPL and W&H coverage lines at AXA XL Bermuda, with more than 20 years of industry experience.

She is also a board member of the Bermuda Foundation for Insurance Studies.

Commenting on the appointment, Pearman says: "[Michelle] is well respected within the Bermuda market and beyond for her extensive expertise in underwriting, focusing on a diverse portfolio primarily for Fortune 500 clients.

"Michelle and her team play an instrumental role in AXA XL's commitment to address the existing and future risk management needs of our large commercial clients." ■

## AssuredPartners enlists Creighton as Vice President of Alternative Risk Strategy

Sarah Creighton has joined AssuredPartners' captives team as vice president (VP) of alternative risk strategy.

Previously, Creighton was VP of sales and business development at Foxen. Prior to that, she was a home services and sync manager at IGS Energy, and she worked as an operations manager at Nationwide Insurance.

## MNK Re appoints Ashby as Executive Managing Director

Lloyd's broker MNK Re has enlisted Simon Ashby as executive managing director and global chief commercial officer.

In his new role, Ashby will be responsible for driving a variety of projects and revenue growth initiatives for MNK Re as it looks to expand its presence across the globe, particularly in North America.

He has nearly 40 years of experience in the (re)insurance market, having held senior management roles in both broking and underwriting at WTW and Marsh.

In his most recent role, Ashby was co-founder and active underwriter of Verto Lloyd's Syndicate 2689.

Commenting on the appointment, Manoj Kumar, CEO and managing director of MNK Group, says: "Given Simon's deep experience in both underwriting and broking across a range of business lines, he is the perfect fit for this new role. With his global network of contacts ranging from insurers and underwriters to clients, brokers, and agents, Simon will be able to use his existing relationships to help us expand our global reach." ■