captive insurance times
The primary source of global captive insurance news and analysis
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MASTERING RISKS

Volkswagen Insurance Company's Tibor Boettcher shares how the captive plays a crucial role in the automotive giant’s risk management strategy

Connecticut

Industry experts discuss the state's growing captive industry and the upcoming Connecticut Captive Insurance Forum

Digital Assets

Jacqueline Quintal of Marsh sheds light on the use of digital assets in captive insurance space

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Unit 23, Metro Business Centre, Kangley Bridge Rd, London, SE26 5BW

Publisher: John Savage
johnsavage@captiveinsurancetimes.com

Publishing Director: Justin Lawson
justinlawson@captiveinsurancetimes.com
020 3667 3244

Office Manager: Chelsea Bowles
accounts@captiveinsurancetimes.com

Group Editor: Karl Loomes
karlloomes@blackknightmedialtd.com
020 3617 1722

Reporter: Diana Bui
diana@captiveinsurancetimes.com
020 3372 5997

Reporter: Jack McRae
jackmcrae@assetservicingtimes.com

Junior Reporter: Clelia Reka Frondaroli
cleliarekafrondaroli@assetservicingtime

Lead Designer: James Hickman
jameshickman@blackknightmedialtd.com

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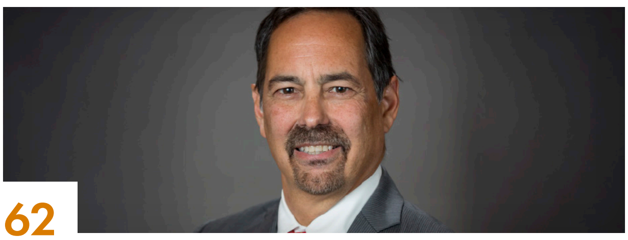

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NFP acquires Lyons Insurance Agency

NFP, an Aon company, has acquired multidisciplinary insurance broker Lyons Insurance Agency.

The firm says the addition of Lyons — which is based in Wilmington, Delaware — will bring further P&C, employee benefits, and personal lines capabilities and relationships to NFP's Atlantic region.

Lyons' vice presidents, David and Tim Lyons, will join NFP as senior vice presidents, reporting to Meg McSherry, managing director of P&C in NFP's Atlantic region.

Ethan Foxman, president of NFP's Atlantic region, says: "I'm thrilled to welcome David, Tim and the Lyons team to NFP.

"They've built a strong commercial P&C, employee benefits and private client services business, and earned a reputation for excellent service in a key growth area for our region. With the addition of their local market expertise and network relationships in Delaware, we look forward to growing our presence in the state."

In a joint statement, David and Tim Lyons add: "As a firm dedicated to helping middle-market operations manage their business and personal risk, we are proud to join NFP, collaborate with leaders who share our perspectives, and take the value we deliver to clients to the next level."

AM Best revises Mercury General's outlook to 'negative'

AM Best has revised the outlooks for Mercury General Corporation and its subsidiaries to 'negative' from 'stable', citing uncertainty over wildfire-related losses and future reinsurance costs.

The rating agency affirms Mercury's long-term issuer credit ratings of 'bbb' (Good).

AM Best says the results reflect Mercury's strong balance sheet, adequate operating performance, neutral business profile, and appropriate enterprise risk management. However, the outlook shift follows concerns over the insurer's exposure to the recent California wildfires that began on 7 January 2025, particularly the Palisades and Eaton fires.

Mercury's estimated gross catastrophe losses range from US$1.6 billion to US$2 billion before accounting for reinsurance, subrogation, and state-backed Fair Access to Insurance Requirements (FAIR) plan assessments.

The company's reinsurance programme includes catastrophe reinsurance limits of US$1.29 billion per occurrence, with a retention of US$150 million and a reinstatement premium of US$101 million.

AM Best expects Mercury's capital position to absorb the financial impact of the wildfires but said the outlook will remain negative until the full extent of losses and reinsurance implications are clear.■

Howden acquires Major Insurance Services

Howden Group has acquired Major Insurance Services, a general insurance broker based in Bunbury, Western Australia.

According to the firm, this acquisition, combined with the client base of Unicorn Risk Solutions — recently rebranded as Howden — strengthens the company's presence in regional Western Australia.

Established in 2015, Major Insurance has developed a diverse portfolio, serving private SMEs and mid-corporate businesses.

Howden states that Major Insurance will become a key component of its Western Australian broking operations, addressing the comprehensive needs of corporate and SME clients in the region.

Matt Bacon, CEO of Howden Pacific, notes: "We are honoured that Major has chosen to partner with Howden and are very proud to be part of the next chapter in their journey.

"We see a lot of future positive collaboration between Howden and Major, providing clients easy access to insurance solutions." ■

North Carolina's captive sector continues to thrive

North Carolina's captive insurance programme continues to bolster the state's economy over a decade since its establishment, according to NC Insurance Commissioner Mike Causey.

"Businesses with unique insurance needs are finding North Carolina a great place to conduct business through its captive programme," Causey states.

He continues: "We are excited by the continued growth of our captive programme and welcome the innovation that service providers bring to address emerging risks in the industry."

By the end of 2024, the state had licensed or approved over 1,600 risk-bearing captive entities since the General Assembly enacted the Captive Insurance Act in 2013.

"That number is evidence that North Carolina, with its strong economy, remains an attractive and welcoming home for captive insurers in this thriving industry," Causey notes.

As of December 2024, the NC Department of Insurance regulated 1,064 risk-bearing captive entities, comprising 293 captive insurance companies and 771 cells and series.

In 2024 alone, the state licensed 33 new captive insurance companies and approximately 70 cells and series.

The previous year saw NC domicile 212 pure captive insurers, 49 protected cell captive insurers, 9 risk retention groups, and 23 special purpose captive insurers.

Licenses granted encompass new insurer formations and captives relocating to North Carolina from other jurisdictions.? These newly licensed captives serve diverse industries, including financial services, transportation, healthcare, construction, and manufacturing.

GCIC advocates for passage of new captive bill in Georgia

The Georgia Captive Insurance Council (GCIC) has endorsed House Bill 348, the first significant legislative effort since 2019 aimed at supporting Georgia's captives and risk retention groups.

The bill calls for advantageous new reinsurance options to be provided to captives and also allows them to have more lines of authority to operate within.

GCIC chairman Travis Bowden remarks: "I often felt that Georgia's captive insurance language needed to be more friendly to new companies that are exploring Georgia as a potential captive insurance domicile.

"This bill comes at the perfect time as the Georgia Captive Insurance Council works to help revive the Georgia captive insurance industry."

The GCIC, established as the sole official trade association and advocacy group for Georgia's captive insurance firms and risk retention groups, succeeded the Georgia Captive Insurance Association, which dissolved in 2023.

Bowden adds: "With strong legislation like House Bill 348, Georgia will continue to grow its captive presence. On behalf of the captive insurance market sector, I strongly urge this legislation to be passed.

"By removing outdated and onerous regulations and helping captive professionals provide more options during formations, Georgia can add to its already growing resurgence as a captive insurance domicile." ■

Ohio State University launches captive insurance company

Ohio State University has established its own captive insurance company to better manage risks and control costs. The university's board of trustees approved last week the creation of Great River Insurance, a Vermont-based captive that will insure certain risks for the university, its subsidiaries, and affiliated entities.The move aims to enhance risk management, improve cost efficiency, and provide greater control over the university's insurance programme.

Several other institutions, including the University of Michigan and Cornell University, have also turned to captive insurance companies to cover property damage, liability, and workers' compensation.

Ohio State University will cover the startup costs, which include legal and consulting fees, initial capitalisation, licensing and regulatory expenses, as well as ongoing operational costs such as claims management, reinsurance premiums, administration, auditing, and actuarial services.

Great River Insurance will be governed by a board of directors consisting of university representatives and industry experts, with Mike Papadakis, Ohio State's senior vice president for business and finance, overseeing the entity. ■

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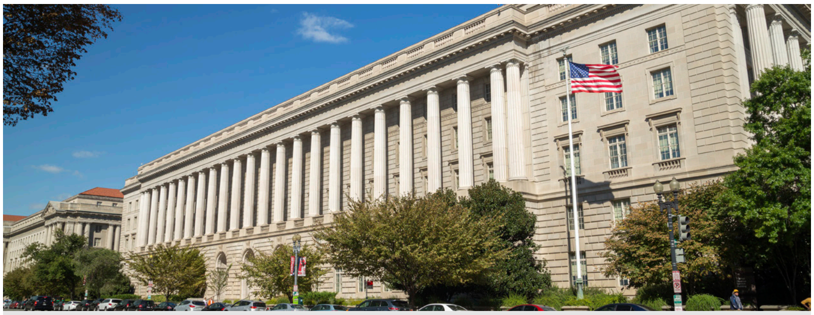

Industry experts challenge new IRS 831(b) rule

CIC Services, a captive insurance manager and strategist, is urging the US Congress to swiftly overturn a new IRS rule that imposes additional restrictions on Section 831(b), a move they say jeopardises small and mid-sized businesses' ability to manage risk through captives. The firm notes that this regulation emerges as businesses are already contending with escalating commercial insurance premiums, higher deductibles, and diminishing coverage options. If upheld, many enterprises could find themselves without viable alternatives for safeguarding against financial uncertainty.?

"Congress enacted the 831(b) election nearly 40 years ago to give small and mid-sized businesses a way to manage risk affordably, yet this new IRS rule severely undermines that purpose," says Sean King, CEO of CIC Services.

"Congress has a clear opportunity to act now, overturn this rule, and protect businesses from unnecessary financial hardship."

Under the Congressional Review Act (CRA), Congress has a limited timeframe to introduce a resolution to overturn this regulation. CIC Services urges lawmakers to take immediate action before it is too late.

CIC Services calls on members of Congress to introduce a joint resolution under the CRA to disapprove of the IRS rule, acknowledge the economic harm this regulation will inflict on small businesses in their constituencies, and advocate for fair and reasonable insurance options for American businesses.?

While the responsibility to act lies with Congress, business owners can influence the outcome by urging their elected representatives to support a CRA resolution.

CIC Services encourages business owners to contact their members of Congress to explain how this rule will impact their businesses, share personal experiences highlighting the real-world consequences of losing access to captive insurance, and engage in advocacy efforts by collaborating with industry groups and staying informed. ■

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Washington legislature considers captive bill

The Washington State legislature is reviewing House Bill 1842 (2025-26), which proposes allowing public utility districts (PUDs) to form, own, or utilise captive insurers.

The bill's introduction states its purpose is to provide local government entities with exclusive authority to self-insure risks, jointly purchase insurance or reinsurance, become captive owners as defined in RCW 48.201.020, and contract for risk management, claims, and administrative services.

An analysis by the legislature describes PUDs as special purpose districts authorised to generate and distribute electricity, provide water and sewer services, and offer telecommunications services.

These districts may operate countywide or within smaller jurisdictions, often aligning with county boundaries to serve the public with their authorised services.

The bill is slated for committee review before proceeding further in the legislative process. ■

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Marsh: SMEs lag behind large firms in cybersecurity resilience in Europe

Small and medium-sized enterprises (SMEs) in the EU are, on average, 15 per cent behind larger organisations in implementing cybersecurity controls, according to a new report by Marsh. The study, titled 'Why the Cybersecurity Gap Between SMEs and Large Organisations Matters', highlights the challenges SMEs face in achieving cyber resilience compared to their larger counterparts.

Marsh's analysis examined 320 organisations across the EU, categorised by annual revenue — SMEs with less than €51 million; mid-sized businesses with revenue between €51 million; and €250 million; and large organisations exceeding €250 million.

Findings from Marsh's Cyber Self-Assessment tool revealed that large organisations scored an average of 80 per cent in applying 12 key cybersecurity controls, while SMEs averaged just 65 per cent.

Multi-factor authentication (MFA) was identified as a key differentiator, with 91 per cent of large organisations requiring MFA for remote logins, compared to only 75 per cent of SMEs. Incident response testing also showed a significant gap, with just 40 per cent of SMEs conducting regular tests, while 61 per cent of large organisations maintained this practice.

The report finds industry disparities as well, with 85 per cent of finance SMEs providing cybersecurity training for employees, compared to just 58 per cent in manufacturing.

Marsh emphasises the need for SMEs to engage with the cyber insurance market, warning that many remain uninsured or underinsured against digital threats.

Despite historical barriers to coverage, the firm notes that new innovations in cyber insurance now offer SMEs a chance to close this protection gap. ■

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Falcon Risk Services introduces professional liability line for brokers

Falcon Risk Services, an MGA owned by HDI Global Specialty, has launched SOAR, a standalone professional liability insurance policy tailored for insurance agents and brokers. The company says SOAR is designed to address the unique risks faced by industry professionals, including P&C agents, wholesale brokers, and MGAs.

The policy offers both primary and excess coverage options, accommodating businesses with commission volumes up to US$2 billion for primary coverage. Policyholders can access limits of up to US$10 million, providing extensive financial protection.

The firm highlights that key features of SOAR include an 'A+' rating by AM Best, experienced in-house claims expertise, and the ability to quickly craft bespoke policy wording.

Edward Perrine, senior vice president and head of Professional Liability at Falcon Risk Services, states: "In a rapidly evolving industry, SOAR is designed to meet the specialised needs of insurance professionals.

"Its tailored policy language and financial backing make it a game-changer in professional liability coverage." ■

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Oklahoma Insurance Department corrects captive premium tax forms

The Oklahoma Insurance Department (OID) is correcting the 2024 captive insurance premium tax report forms on the National Association of Insurance Commissioners' (NAIC) OPTins portal, with the updated forms expected to be available this week.

Captive insurance managers who have already created draft filings in OPTins are advised to delete them and start anew once the corrected forms are accessible.

Over the past week, some managers reported that the form was generating an incorrect minimum premium tax due.

They identified a hard-coded US$3,500 minimum premium tax in the Excel spreadsheet, intended for series captive insurance companies.

However, the minimum premium tax for all other captive insurance companies is US$5,000, and the US$3,500 minimum was incorrectly appearing for these entities.

In response, the OID's captive staff removed the incorrect US$3,500 hard code and made additional improvements to the form.

One enhancement includes a provision for pure captive insurers filing taxes on a fiscal year basis, noted at the top of the form.

Clarifications were also made regarding the prorated minimum premium tax due for captive insurers first licensed in 2024.

The OID notes that the 1 March premium tax filing due date remains unchanged, as it is a statutory deadline the department cannot alter or extend. ■

ASR and BOAD collaborate on captive feasibility study

Africa Specialty Risks (ASR) has partnered with the Banque Ouest Africaine de Développement (BOAD) to explore the potential of establishing a captive insurance entity.

The feasibility study, advised by insurance broker COFARCO, will assess how a captive insurance solution can bolster risk management capabilities and promote sustainable economic development in the region.

The collaboration aims to enhance risk management and financial resilience across the West African Economic and Monetary Union (WAEMU) region.

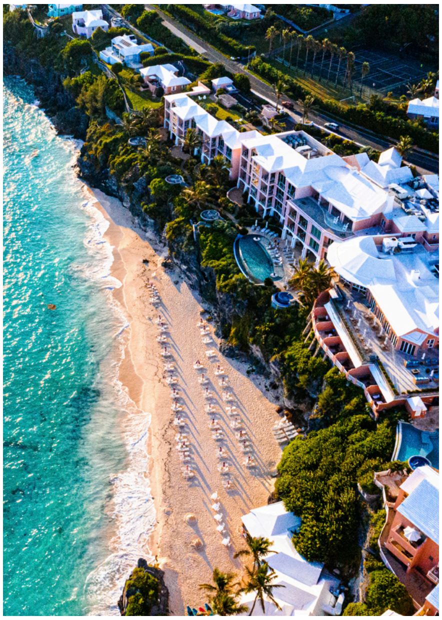
“This feasibility study is a major step forward towards strengthening risk management and financial resilience across West Africa," comments Serge Ekue, BOAD president and chairman.

He adds: "BOAD is committed to using the credit insurance market to manage its financial risk and increase its ability to promote sustainable economic growth."

Meanwhile, Mikir Shah, CEO of ASR, states: “Our partnership with BOAD underscores a landmark collaboration and is a testament to ASR's commitment to being the ‘go to’ captive solutions partner for institutions driving economic development in Africa.

"We are proud to leverage our expertise to support BOAD's strategic objectives and contribute to the resilience and prosperity of the West African region."

Frederic Blanchi, founder and managing partner at COFARCO, says: "A well-structured captive insurance entity has the potential to broaden the spectrum of risk profiles that the institution can secure coverage for, enlarge access to risk carriers, including the reinsurance market, and generate long-term cost efficiencies." ■



Bermuda Captive Conference 2025: 'Reimagining Risk' in focus

The Bermuda Captive Conference (BCC) is set to return for its 21st year from 9–11 June at the Hamilton Princess Hotel and Beach Club.

Under the theme ‘Reimagining Risk: The Next Frontier’ the event aims to address emerging challenges, disruptive innovations, and regulatory changes shaping the future of captive insurance.

Over three days, the conference will offer a variety of sessions, including expanded Captive 101 workshops on Monday afternoon. Topics will cover Bermuda's status as a preferred jurisdiction, economic crossroads and market volatility, and how captives can utilise AI and parametric solutions to bridge the protection gap.

The event will also feature fireside chats, in-depth panels, and networking opportunities, providing insights for professionals navigating the increasingly complex global risk environment. ■

image by newport_coast_media/stock.adobe.com

Optio Group expands Scandinavian footprint

Optio Group, an independent specialty MGA, has acquired Norway-based S Insurance, subject to regulatory approval. The company says this is a strategic step in its efforts to create a diversified buy-and-build platform through the acquisition of high-quality, niche speciality MGAs across Europe, and follows the acquisition of Luxembourg-based MGA Circles Group last year.

S Insurance specialises in marine hull, underwriting business globally, with a significant market presence in Europe, and with plans to expand both its product and geographical reach.

Deepak Soni, CEO of Optio Group, says: “S Insurance is an excellent example of the MGAs we are looking to invest in or acquire, with its entrepreneurial leadership, proven speciality capabilities and complementary cultures and values.”

Gary Sangedal, director at S Insurance, adds: “Becoming part of Optio is an exciting prospect, which will ensure we continue to execute our underwriting strategy and dedicated service to our valued brokers and clients.

“Optio provides us with access to broader expertise and the resources of a much larger group. This, in turn, opens up significant opportunities to accelerate our plans to expand our product offering and geographical footprint.”■

AM Best assigns ‘Excellent’ ratings to Torreyana Insurance Company

AM Best has assigned a financial strength rating of ‘A’ (Excellent) and a long-term issuer credit rating of ‘a’ (Excellent) to Torreyana Insurance Company, a Vermont-based captive insurer for Vertex Pharmaceuticals. The outlook for these ratings is ‘stable’.

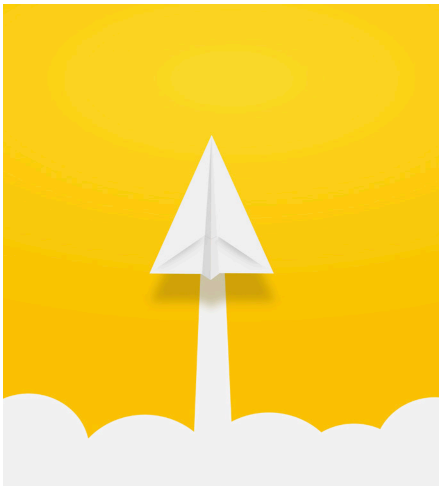
These ratings reflect Torreyana's balance sheet strength, which AM Best assesses as very strong, along with its strong operating performance, neutral business profile, and appropriate enterprise risk management (ERM). By (re)insuring Vertex's global liability and property exposures, Torreyana plays a strategic and critical role in Vertex's overall ERM, protecting the enterprise's assets.

The very strong balance sheet strength assessment of Torreyana is supported by the strongest level of risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio, as well as a conservative investment portfolio and adequate reserves.

Recent growth in surplus is largely supported by capital contributions from its parent, Vertex. Additionally, the captive has a highly rated, diverse reinsurance panel that is well-equipped to protect the company's balance sheet.

According to AM Best, Torreyana's strong operating performance is evidenced by consistently favourable combined ratios, supported by very low loss ratios based on Vertex's historical legacy loss experience placed into Torreyana upon establishment. As a single-parent captive, it maintains minimal expense ratios and continues to explore expansion into additional coverages for the parent.

AM Best assesses the business profile as neutral, noting that Torreyana is diverse geographically and by product, offering several coverages for its global parent. ■



Aon launches employee benefits cell captive facility

Aon has announced the launch of its employee benefits (EB) cell captive facility, a move which the firm says is a "first-to-market innovation" that will transform how multinational companies manage risk and finance employee benefits.

The solution will integrate with Aon's Risk Capital and Human Capital capabilities, offering an alternative risk transfer strategy, which they say will enable clients to self-insure employee benefits risks in a simplified manner.

Aon notes that while some traditional captives may be out of reach for some, due to the resources needed to integrate employee benefits, this new facility helps to resolve these challenges, providing a streamlined solution that allows businesses to retain the advantages of a captive structure without the administrative burden and high capital investment associated with traditional captives.

Michael Pedel, head of global benefits at Aon, says: "Multinational organisations need agile benefits strategies to keep their employees thriving and build a resilient workforce. ■

Tennessee captive insurance market continues strong growth

The Tennessee Department of Commerce & Insurance (TDCI) has reported its fifth consecutive year of growth in the captive insurance sector, with notable increases in both active cells and risk-bearing entities in 2024.

At the end of 2024, Tennessee licensed 11 new captives and 94 new cells, bringing the state's total to 182 captives and 657 active cells.

This marks a 17 per cent rise in active cells and a 14.7 per cent overall growth in risk-bearing entities compared to the previous year.

Premiums also saw a sharp increase, reaching US$2.9 billion in 2024, up from US$2.41 billion in 2023. TDCI Commissioner Carter Lawrence attributes the continued expansion to a combination of strong regulatory oversight and a pro-business environment.

"By combining responsible regulation, a modern captive insurance statute, and a team of customer-focused professionals, Tennessee continues to distinguish itself as the perfect place to establish a captive insurance domicile," Lawrence says.

TDCI's Captive Insurance section oversees the industry, which allows businesses to self-insure rather than rely on third-party insurers.

Since Tennessee modernised its captive insurance statutes in 2011, the market has experienced steady growth.

Mark Wiedeman, captive section director at TDCI, says: "I commend our fantastic team of analysts who made customer service and connecting with prospective customers their focus in 2024 and beyond." ■

Tibor Boettcher
CEO and executive director
Volkswagen Insurance Company

Mastering risks through captive insurance

Tibor Boettcher, CEO and executive director of Volkswagen Insurance Company, shares with Diana Bui how the captive plays a crucial role in the automotive giant's risk management strategy

Established in 1991, Volkswagen Insurance Company (VICO) was founded during a period of significant expansion for Volkswagen. During that time Volkswagen Group acquired major brands such as Škoda in the Czech Republic and Porsche in Germany while also increasing its joint venture activities in China. As Volkswagen Group grew, so did the need for a robust insurance mechanism to support its expanding operations. Over the past three decades, Volkswagen's global footprint has expanded dramatically, with new brands like MAN joining the Group, increased car deliveries worldwide, and the establishment of new production plants. "Growth of the VW Group over the last three decades has been substantial," says Boettcher. "As a result, there are higher values to insure and more risks in the portfolio, making insurance coverage increasingly important for the group."

VICO plays a crucial role in managing these risks by underwriting insurance that is difficult to place in the external market. The captive serves as a vital risk management and risk transfer tool for Volkswagen and its brands, ensuring that the group has comprehensive and tailored coverage. "The captive plays an essential role as a risk management and risk transfer tool for Volkswagen and its brands," Boettcher adds.

Risk retention and insurance strategy

Volkswagen's captive has been domiciled in Dublin, Ireland, for over 30 years. The choice to establish it in Ireland was mainly driven by regulatory considerations. Over time, the captive has evolved significantly to support the group's extensive insurance needs.

VICO currently underwrites seven lines of business, with marine cargo and property being the largest. The decision on which risks to retain within the captive and which to place externally is made through an annual strategic discussion with Volkswagen Insurance Brokers, the in-house broker based in Germany.

"Each year, we review upcoming renewals and determine which risks to place in the external market and which to retain within VICO," Boettcher notes. "The outcome is a well-balanced mixture of traditional insurance coverage and captive-supported coverage. Internally, we then determine the retention rate and align it with our reinsurance structure."

The captive assumes approximately 60 per cent of the overall capacity for the lines of business it insures, with the remaining risk placed in the open market through major insurance companies in Europe and beyond.

The role of the captive extends to claims management as well. The in-house broker serves as the first point of contact for Volkswagen brands handling insurance claims, while VICO operates primarily as the capacity provider.

"The in-house broker has dedicated specialists for each line of business, as well as an operations and claims department," Boettcher highlights.

"VICO works closely with the broker, particularly in cases of large losses. Often, co-insurance partners are also involved in the claims process. This setup ensures that the relevant expertise is available to provide optimal service to Volkswagen brands."

"With the insurance products we provide, VICO contributes to the financial security of the group and its brands"

Regulatory compliance

As a European captive, VICO is regulated by the Central Bank of Ireland and falls under the European Insurance and Occupational Pensions Authority (EIOPA). This means the captive must comply with Solvency II regulations, which require it to maintain a Solvency Capital Requirement (SCR) ratio.

VICO reports this quarterly and annually to the Central Bank of Ireland. “Compared to the US market, the European regulatory framework is quite stringent,” Boettcher explains. “Captives in Europe must comply with many of the same requirements as large insurance companies, though some exemptions exist, particularly in Ireland. However, regulatory requirements are tightening, making it increasingly complex to operate a captive in the EU.”

Emerging risks and claims management

Between 2017 and 2023, Volkswagen operated a second captive in Ireland — Volkswagen Reinsurance Company — focused on employee benefit business, particularly expatriate healthcare. However, the group ultimately decided to discontinue this captive and rely on the external insurance market for this coverage.

“We realised that specialised external health insurance providers offered a better solution in terms of quality, service, and pricing,” Boettcher says. “This decision allowed us to refocus our captive efforts on core business risks through VICO.”

Emerging risks, including cyber threats and climate-related challenges, are a growing concern for multinational corporations like Volkswagen. VICO has adapted by actively providing cyber insurance cover to the Group.

“As a captive, we closely monitor emerging risks and engage in discussions with our reinsurance partners, the in-house broker, and Volkswagen brands,” Boettcher explains. “We also stay connected with the external insurance market and industry trends by attending events and training sessions.”

Another advantage of captives is their ability to secure insurance capacity during hard market conditions. “Captives provide stability, making companies less dependent on external market cycles and trends,” Boettcher remarks. “This allows for more predictable insurance costs and ensures that coverage remains available even when external markets tighten.”

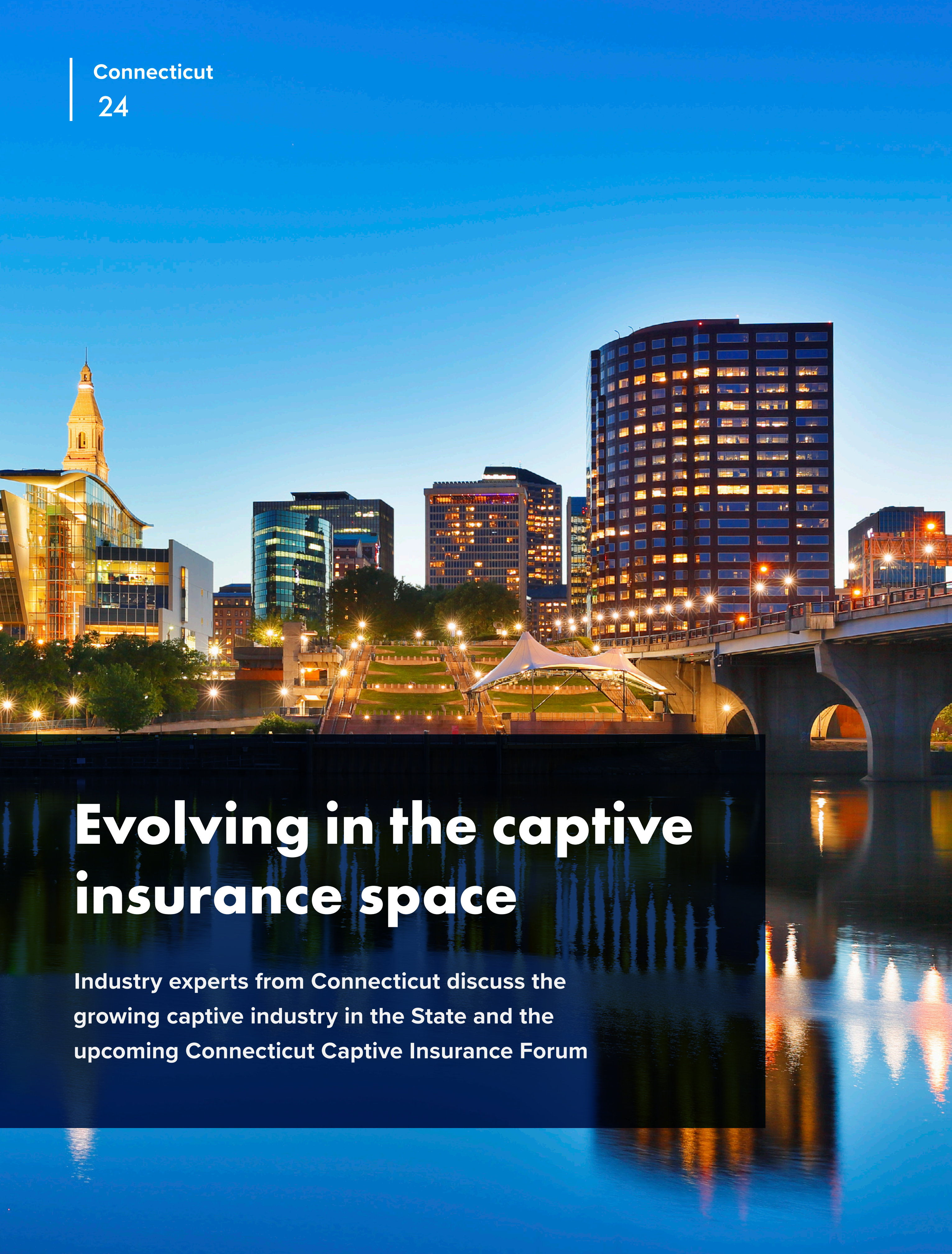
Financial stability and future outlook

Over the past decade, Volkswagen’s captive has paid out a significant amount in claims to its brands. The role of VICO extends beyond risk financing — it also supports Volkswagen’s financial and operational stability. “With the insurance products we provide, VICO contributes to the financial security of the group and its brands,” Boettcher states. “In cases of large losses, the captive ensures financial stability by mitigating the impact on the brands’ profit and loss accounts.”

A notable example was the sinking of the roll-on/roll-off cargo ship Felicity Ace in 2022. “VICO insured the transportation of Volkswagen Group cars on board that vessel,” Boettcher said. “When the incident occurred, the captive played a key role in paying out a significant portion of the overall claim. This demonstrated the strategic advantage of having a captive in place.”

From an operational perspective, VICO contributes to risk management solutions and overall risk optimisation within the group. Looking ahead, Boettcher believes captives will play an even greater role in corporate risk management. “I believe captives will become even more important for large groups like Volkswagen as risk management and risk transfer tools,” he says. “One area where I see great potential is optimising captive processes and communication through AI, particularly in risk modelling and the exchange of premium and claims information.”

VICO remains a fundamental part of Volkswagen’s risk financing strategy, integrating captive capacity with external market expertise to provide customised insurance solutions. As Volkswagen continues to adapt to a shifting risk environment, its Dublin-based captive is set to play an even greater role in securing the group’s financial stability and resilience. ■



Evolving in the captive insurance space

Industry experts from Connecticut discuss the growing captive industry in the State and the upcoming Connecticut Captive Insurance Forum

Captive growth

Connecticut Insurance Department's Fenhua Liu talks about the upcoming CT Captive Insurance Forum and the plans to accelerate the captive growth in the State

The Connecticut Captive Insurance Association has been serving the state's captive insurance industry since 2011. Could you tell our readers about the association's key achievements in developing Connecticut as a captive domicile?

Since it was founded in 2011, the Connecticut Captive Insurance Association (CTCIA) has made continual progress in becoming one of the leading advocates in promoting Connecticut as a premier captive domicile of choice.

I joined the Captive Division at the Connecticut Insurance Department in 2013, and have seen how much the CTCIA has accomplished, including the growth of their outreach and education.

The CTCIA has been instrumental in supporting Connecticut Captive legislation for this fast-growing industry. They host a variety of events, like annual conferences, roadshows, breakfast meetings, and other networking events. These events bring people together, educate on captives and help give the Connecticut captive industry more exposure. They also work closely with regulations, providing us with feedback on what the industry needs. With their support, the Department successfully proposed three new captive legislative changes recently. It's been a real partnership, and their efforts have made a big difference in putting Connecticut on the map as a strong captive domicile.

Connecticut has set an ambitious vision to be recognised as a top three domicile in shaping the captive marketplace evolution. What specific steps is the state taking to achieve this goal, particularly in areas of product innovation and InsurTech integration?

Connecticut has been working hard for many years to establish itself as a top captive insurance domicile. It has been a process of building understanding and collaboration among various stakeholders. In 2019, we had just 16 captives, but that marked the turning point.

That same year Commissioner Andrew Mais joined us to lead the Department. Since then, we've made significant changes, including updating our legislation over the past three years, with at least one major update each year.

We also are committed to fostering a business-friendly environment – one that is approachable, and responsive with quality answers using our principles and risk based regulatory approach. Improving the quality of our services and making sure the industry understands our commitment adds to the momentum of what we are trying to accomplish. Additionally, we've partnered with various organisations to drive progress, and that collaboration has been key to our success.

Commissioner Mais is a strong advocate for innovation, cost efficiency and competition, and, particularly in leveraging technology. His leadership has helped us address evolving risks like climate change, cybersecurity, and supply chain issues. These efforts over the last four to five years have been instrumental in shaping Connecticut's growth in the captive market.

A lot has changed since 2019. From just 16 captives and 6 cells, we now have 59 captives and 41 cells, totaling 100 risk-bearing entities. Many companies have moved their captives to Connecticut because of our unique advantages. Our location, for example, is a big draw — we're close to major hubs like New York, New Jersey, and Boston.

Connecticut also has a strong ecosystem that sets us apart from other domiciles. We have access to leading technology, commercial carriers, service providers, and InsurTech innovators, which creates a collaborative environment. Additionally, our fees are very competitive, thanks to legislative changes.

For example, minimum capital is lower while the Commissioner has authority to ask for more capital based on each captive's risk profile. Licensing and renewal fees are lower, and we review applications and conduct examinations internally, which saves time and costs for businesses. For pure captives, we've even introduced provisions to waive exams further reducing expenses.

It's no secret that Connecticut is home to many of the largest traditional insurers in the nation. With that comes access to a highly skilled, professional workforce. And our universities and even some high schools are part of a strong educational pipeline to meet the needs of that workforce.

In summary, Connecticut's strengths lie in its efficiency, cost-effectiveness, experienced regulators, strong ecosystem, pro-captive legislation and strategic location.

These factors, combined with our legislative improvements and innovative approach, are why we've seen such strong momentum in recent years.

How has the collaboration between the Connecticut Insurance Department and CTCIA helped strengthen the state's position in the captive insurance market?

The collaboration between the Connecticut Insurance Department and CTCIA has been instrumental in strengthening the state's position in the captive insurance market.

As an advisory participant, I regularly attend their quarterly board meetings, which foster open communication. This allows us, as regulators, to understand the needs of the industry while also ensuring they understand our expectations.

Frequent and transparent communication helps us stay aligned with market needs and respond effectively.

Under the commissioner's leadership and support, we listen carefully and adapt quickly where necessary. This has led to changes in our statutes and regulatory philosophies, ensuring that we are business friendly and maintain high standards to support the long-term success of captives.

There are, of course, challenges. For instance, stakeholders often raise questions about our stance on captives, especially regarding growth or concerns, how captives play a role in the commercial insurance market, what resources the state can provide, and also have some about tax related questions.

To address these, we've expanded collaboration beyond CTCIA, holding monthly meetings with other associations and working groups including:

- Connecticut Insurance & Financial Services (CTIFS)
- InsurTech Hartford
- AdvanceCT
- Connecticut Department of Economic and Community Development (DECD)
- MetroHartford Alliance
- National Network of Accountants (NNA)

These discussions have enabled us to implement responsive changes and build a stronger, more resilient market.

The upcoming CT Captive Insurance Forum is being held at the Connecticut Convention Centre on 28 April 2025. What was the reasoning behind choosing this venue and timing for the event?

InsurTech Hartford has hosted their annual event, the InsurTech Hartford Symposium, for three years now, and it typically draws around 700 to 800 attendees. I attended one of their events a couple of years ago, and I was really inspired. It reminded me of some of the larger conferences like the VCIA or CICA Conference — it was huge and impactful.

That experience gave me the idea of proposing a captive insurance event. I realised that while InsurTech companies focus heavily on risk mitigation, they don't talk much about risk financing, which is a critical area that often gets overlooked. There's a clear market need for education around innovative approaches to risk management and insurance solutions, particularly in how to finance those risks.

When I shared this idea with Commissioner Mais, he immediately understood its potential and was very supportive.

With the support of innovative thinkers like InsurTech Hartford's leader Stacey Brown, we launched it last year and the results were fantastic. We had more than 100 attendees and some truly impressive speakers. Commissioner Mais delivered the keynote address and will do so again this year. Many of the speakers were industry experts who don't typically participate in other events. The feedback we received was overwhelmingly positive — attendees were impressed with the quality of the discussions and the insights shared. It's rare to have such polished and knowledgeable speakers all in one place, and it left a lasting impact. That success showed us the value of this event and why it was worth pursuing.

Connecticut's captive insurance forum is unique in that it builds on the ecosystem already created by InsurTech Hartford. This event integrates captives into a broader context, attracting attendees from all over the world. Connecticut is a hub for commercial carriers, service providers, investment banks, and tech companies.

The forum acts as a complement to the two-day InsurTech Hartford Symposium, serving as day-long (13:00 to 19:00) event held just before it and including a joint open reception for all InsurTech Hartford Symposium and the Captive event attendees

What makes this event special is its comprehensive approach. Attendees get exposure to a wide range of service providers and resources, all in one place. For anyone involved in insurance or risk management, this is a great opportunity to see the full ecosystem in action. With CTCIA's increased participation, we're confident that this year's event will be even more successful.

This year's forum features sessions on parametric solutions, technological innovations, and the globalisation of risk. How do these topics reflect the current trends and challenges in the captive insurance industry?

When we design the program for the forum, we carefully consider what the industry needs, the latest trends, and what might capture attendees' interest.

These topics — parametric solutions, technological innovations, and the globalization of risk — were chosen because they directly reflect the evolving challenges and opportunities in the captive insurance space.

For instance, there are ongoing coverage gaps in certain markets or industries, whether it's deductibles, retention issues, or insufficient capacity.

Captive insurance offers a flexible solution to fill those gaps, addressing risks that commercial carriers might not cover or fully cover, like cyber threats, natural disasters, or climate change-related risks. This trend highlights how captives are no longer seen as competitors to commercial insurers but as complementary tools that businesses rely on to balance their overall risk strategy.

That's also why we've invited insurtech companies and parametric solution providers to participate. Their innovative approaches, like smart contracts or blockchain, using predefined triggers and metrics, bring transparency, efficiency, and fairness to the industry.

Through case studies and real-world examples, we aim to demonstrate how these tools can meet unaddressed needs quickly and effectively while fostering trust among all parties involved. It's about showing how captives can bridge critical gaps in today's rapidly changing risk environment.

The event brings together an impressive lineup of speakers, including Connecticut Insurance Commissioner Andrew N. Mais. What key insights and discussions can attendees expect from these industry leaders?

These industry leaders are not only polished and engaging speakers but also highly knowledgeable in their fields. They bring a wealth of expertise and insights, often wishing they had more time to share everything they know. There's so much valuable information to unpack that we're already considering expanding next year's event to include additional tracks or sessions to accommodate more speakers and deeper discussions.

Attendees will gain tremendous insights into the latest developments and challenges in the industry. These speakers address some of the most pressing and complex issues, making their perspectives incredibly valuable.

By attending, participants will not only expand their understanding of the industry but also have the opportunity to network and exchange ideas with others. This event is truly inspiring and full of momentum, offering immense value to anyone looking to stay ahead in the field.

The forum includes dedicated networking breaks and a reception. How important is the networking aspect of this event for industry professionals and potential captive owners?

Networking is incredibly important, which is why we intentionally allocate extra time for it during the event. The opportunity for attendees to connect and converse is invaluable. A significant amount of business and ideas originates from these conversations. This event offers a unique platform for service providers and potential captive owners to engage with each other, fostering discussions that can be followed up afterward.

We anticipate a lot of business opportunities being generated, alongside fresh ideas, questions, and meaningful follow-ups.

That's the primary purpose of the networking breaks.

The forum is being hosted in partnership with several organisations including InsurTech Hartford. How does this collaborative approach enhance the value proposition for attendees?

This collaboration brings together organisations that excel in their respective areas in Connecticut's unique ecosystem. Each partner has their priorities and opportunities, but combining their efforts amplifies the impact and value of the forum. This approach draws more attention, generates richer ideas, and creates a platform for meaningful exchanges.

Additionally, there are other events happening in Connecticut that attendees can learn about and participate in, making this forum an ideal opportunity to connect. It's a chance to meet key players and leaders in person — people attendees might otherwise only know through social media.

For example, organisations like InsurTech Hartford, CTIFS, and CTCIA, and AdvanceCT along with their leadership, will be present.

The event is set to provide a wealth of connections, resources, and information, making it incredibly valuable and efficient, particularly given its timing.

For professionals considering attending the forum, what would you say are the top three benefits they can expect to gain from their participation?

First and foremost, attendees will gain a wealth of knowledge and inspiration. They'll have the opportunity to learn directly from experts and hear insights on critical issues impacting the industry.

Secondly, they'll uncover new business opportunities and discover valuable resources they can leverage after the event. Lastly, participants will get to hear directly from Commissioner Mais about his perspective and commitment to growing this industry.

This includes addressing challenges like coverage gaps and fostering competition to lower costs. As the former President of National Association of Insurance Commissioners (NAIC) in 2024 and Vice Chair of the International Association of Insurance Supervisors (IAIS) Executive Committee, Commissioner Mais brings a global perspective to the discussion. He's deeply aware of coverage gaps issues and is strongly committed to consumer protection. He supports captives as a solution to fill those gaps and address evolving insurance needs and increasing insurance costs.

Overall, attendees can expect a rich exchange of ideas, networking opportunities, and actionable takeaways to implement in their work.

Looking beyond the forum, how does this event fit into Connecticut's broader strategy for growing its captive insurance market and fostering innovation in the sector?

This event is a great opportunity to communicate directly with the industry, allowing them to hear from us — whether it's the Commissioner, other service providers, or key stakeholders — about what's happening in the captive insurance space. At the same time, it sets the stage for building stronger collaborations in the future.

Developing a thriving captive market in Connecticut takes time, and from my 12 years of experience, I've seen how important it is to bring together diverse stakeholders to understand each other and collaborate, each with their own strengths and expertise.

Some people may not fully understand captives or may only be familiar with certain aspects, so it's important to address any uncertainties and share insights. Events like this help people connect the dots and see the bigger picture.

By listening to the exceptional speakers we have assembled – experts with deep knowledge of the industry on both a national and global level – attendees can better understand the opportunities and innovations shaping the sector.

It's all part of how we're fostering growth and driving innovation in Connecticut's captive insurance market. ■

"Connecticut has been working hard for many years to establish itself as a top captive insurance domicile"

Fenhua Liu
Assistant deputy commissioner, Captive Insurance division
Connecticut Insurance Department

Partnerships shaping Connecticut's captives

Leaders from key organisations share insights on regulatory support, economic impact, and the evolving role of InsurTech in the captive market

How does the department's regulatory approach support innovation while maintaining proper oversight in the captive insurance sector?

Whether it's a captive insurance company or a traditional insurer, our commitment has always been to protect the insured. In this instance, it's the captive owner. The department has the deep financial regulatory expertise to understand the complexities of captive relationships and ensure that the captives are able to finance the risks of their owners.

Additionally, we bring a responsive, collaborative approach with each applicant so that we can help them find the strategic solutions that best work for them. We stay on top of legislation to ensure our state laws and regulations evolve prudently and appropriately with this evolving industry.

Andrew N. Mais
Commissioner
Connecticut Insurance Department

How does the forum align with your mission to strengthen Connecticut's position as a leading insurance and financial services centre?

Risk and insurance are integral to nearly every business today. With the rise of generative AI, increasing climate challenges such as convection storms, and growing concerns around cybersecurity and business interruption, captives and captive insurance are playing an essential role in modern risk mitigation strategies.

The key questions for business leaders now are: what are the emerging risks reshaping industries? How are captive insurers enhancing their competitiveness while developing products that not only protect assets but also safeguard data?

Connecticut's MetroHartford region is home to leading companies driving the global insurance, captive insurance, and insurtech ecosystem.

At the Captive Insurance Forum, Connecticut-based industry leaders will provide critical insights into how innovation and captives are redefining risk strategies.

This event will explore the technologies and approaches that businesses must adopt to protect their bottom line while enhancing the customer experience.

"At the Captive Insurance Forum, industry leaders will provide critical insights into how captives are redefining risk strategies"

Susan Winkler
Vice president and executive director
Connecticut Insurance and Financial Services

How does the growth of Connecticut's captive insurance sector align with the MetroHartford Alliance's mission to promote regional economic development, and what opportunities do you see for continued collaboration between the insurance and business communities in the Hartford region?

Hartford's insurance and financial services sector is continuously evolving to support a strong economy. The property and casualty industry is leveraging AI, telematics, and real-time data to transform underwriting for both commercial and personal insurance. In the health and life sectors, innovation is driving new solutions that enhance physical, mental, and financial wellbeing for employees and employers alike.

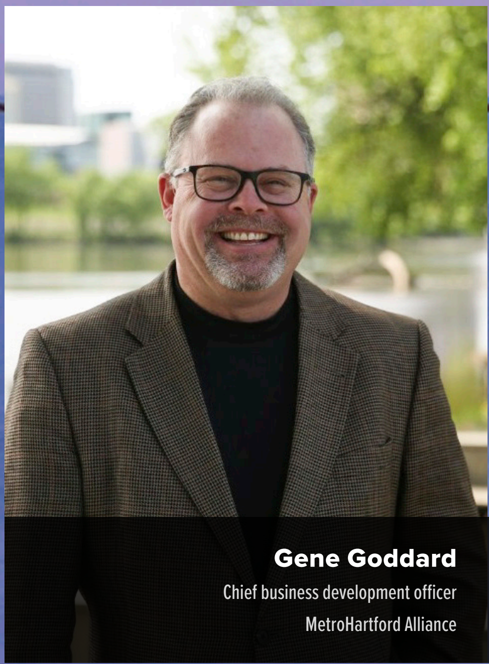
Emerging technologies — including wearables, the Internet of Things, generative AI, machine learning, insurtech, and fintech — are deeply embedded in business models and serve as engines of innovation in Hartford.

This ongoing transformation is a cornerstone of Connecticut's economy, contributing over US$21 billion to the state's gross state product. As a global hub for top talent, Connecticut's insurance sector employs nearly 60,000 professionals, representing 3.4 per cent of the state's workforce, with an average salary of US$95,000.

The growth of Connecticut's captive insurance sector further strengthens this economic foundation, fostering collaboration between insurers and businesses to develop cutting-edge risk management solutions.

By continuing to invest in innovation and talent, the MetroHartford region is well-positioned to enhance its leadership in the global insurance marketplace.

"Emerging technologies are deeply embedded in business models and serve as engines of innovation in Hartford"



Gene Goddard
Chief business development officer
MetroHartford Alliance

How does the growth of Connecticut’s captive insurance sector contribute to the state’s overall economic development strategy?

As you know, Connecticut is one of the most popular domiciles for captive insurance companies internationally, and we continue to see significant growth in this industry.

At AdvanceCT, we anticipate an upward trajectory of the captive insurance market as an opportunity to diversify the insurance industry here in Connecticut, and specifically as a growth opportunity for the insurtech industry here in our state. We are home to more than 50 captives with 11 of these owned by Fortune 500 companies.

We only see this number increasing. Connecticut is home to the largest concentration of insurance jobs in the nation, with over 1,600 insurers, so our state is a natural launching-point for companies looking to provide services to the captive market.

We have the know-how and experience in our state with fair, transparent, and responsive regulators, so naturally the category is taking off. We see the potential for additional growth as smaller organisations are looking for cost savings and alternatives to high premiums. We think there is an opportunity for insurtech companies to build software solutions for small to mid-market demand.

Insurance, in all forms, is a critical industry for Connecticut, so it plays significantly into our overall economic development strategy and will continue to do so for the foreseeable future.

"Connecticut is one of the most popular domiciles for captive insurance companies internationally, and we continue to see significant growth in this industry"

John Bourdeaux
President and CEO
AdvanceCT

How does the department's regulatory approach support innovation while maintaining proper oversight in the captive insurance sector?

Under the leadership of Governor Ned Lamont, Connecticut's value proposition has improved dramatically in recent years.

Fiscal discipline has been at the core of this change; improved credit ratings, consistent budget surpluses, and tax cuts have led to a surge in business confidence and are sending strong signals to the global marketplace that Connecticut is a great place to invest in and start or grow a business.

The state's captive insurance market is on a similar trajectory.

Commissioner Mais and his team, with support from the Governor's office and the legislature, continue to focus on and implement policies that are raising Connecticut's profile as a premier destination for captive insurers. And we are seeing great results.

Connecticut's business development strategy focuses on building strong and dynamic ecosystems in sectors where we have distinct competitive advantages over other states and nations.

Insurance is clearly an area of strength for our state as we have the right foundational pieces in place to support job growth and innovation, while also attracting new companies and talent.

The emergence of our state's captive insurance market will bolster these efforts.

"Insurance is clearly an area of strength for our state as we have the right foundational pieces in place to support job growth and innovation"

Dan O'Keefe
Commissioner
Connecticut Department of Economic and Community Development

How are technological innovations and InsurTech solutions shaping the future of captive insurance, and what trends should attendees be watching?

Captives need to stay aware of how technology is shaping the industry. The three top trends we will be covering at the CT Captive Insurance Forum are artificial intelligence, workflow automation and parametric insurance. AI technologies are exploding everywhere, and the captive space is ripe for leveraging the technology. Generative AI is making people more productive. The most impacting use of generative AI is in writing.

This tool increases productivity when applied to marketing and communications, customer service, and risk analysis. Top tools to look at include ChatGPT, Google Gemini, and Microsoft Copilot. Leading use cases include writing articles or client emails, summarising lengthy documents, and responding to natural language questions instead of searching the internet using keywords.

Workflow automation is also helping increase productivity by reducing labour costs and improving error rates. Many platforms now offer workflow capabilities. For instance, Zapier is a tool that can connect to multiple platforms and orchestrate work between them. An example of what this may look like is connecting it to a claim first notification of loss (FNOL) form that starts a workflow when someone submits the FNOL. Then it can add the customer data into your customer data and notify your third-party administrator (TPA), wait two days, then send a follow-up with the customer to make sure they are being helped.

Parametric insurance is definitely on the agenda at the CT Captive Insurance Forum. The ability to automate the claims process based on triggered-events that can be quantified using trusted third-party data sources is giving many new opportunities to the industry. Parametric insurance is greatly enhanced by AI and workflow automation, and we will learn from experts how it is being applied to address climate resiliency.

"Captives need to stay aware of how technology is shaping the industry"

Stacey Brown
President
InsurTech Hartford

As a board Member of the CTCIA, what do you see as the most significant opportunity for Connecticut's captive insurance market in the next five years, and how is the association positioning itself to capitalise on this opportunity?

As a board member of the CTCIA, I believe the most significant opportunity for Connecticut's captive insurance market in the next five years lies in the growing demand for innovative risk management solutions.

The increasing complexity of global business operations, coupled with heightened awareness of risks such as cyber threats and climate change, presents a unique opportunity for captives to provide tailored insurance solutions that traditional markets may struggle to address.

To capitalise on this opportunity, CTCIA will focus on several strategic initiatives.

First, we will enhance our educational outreach to stakeholders, including potential captive owners, brokers, and regulators, to raise awareness of the benefits and flexibility that captives offer.

By hosting workshops, webinars, and conferences, we can disseminate knowledge about best practices in captive management and innovative uses of captives in risk financing.

Second, CTCIA will advocate for regulatory enhancements that support the growth of the captive insurance sector. By engaging with state regulators and policymakers, we can promote a favorable regulatory environment that encourages the establishment and operation of captives in Connecticut.

Additionally, we will foster collaboration among industry stakeholders to share insights and develop new products that address emerging risks.

By creating a network of captive owners and service providers, we can facilitate the exchange of ideas and best practices, driving innovation within the market.

Finally, CTCIA will leverage technology to streamline the captive formation and management process, making it more accessible for businesses of all sizes.

Through these efforts, CTCIA aims to position Connecticut as a leading domicile for captives, driving growth and success in the coming years.

Michael Serricchio
Marsh

Connecticut's captive insurance domicile is uniquely positioned for significant growth over both the short and long term thanks to our ability to attract and retain innovative, high-value captives.

We leverage our established reputation as a leader in insurance and financial services, with our strategic location in the lower Northeast region — a natural hub for global business opportunity and connection.

We are one of the premier destinations for captives focused on emerging risks such as cyber liability, climate resilience, and innovative healthcare solutions.

The Connecticut Captive Insurance Association plays a pivotal role in several areas:

***Advocacy and legislative support:** CTCIA works annually with state policymakers and administrative leaders to ensure that Connecticut's regulatory framework remains responsive, competitive and attractive to captives.*

This includes refining the state's captive insurance statutes to support innovation and streamline licensing processes while maintaining robust regulatory oversight.

***Education and outreach:** CTCIA works year-round to amplify our efforts to educate businesses, advisors, and industry stakeholders on the strategic benefits of forming captives in Connecticut.*

Through events, webinars, and targeted outreach we highlight the state's unique advantages, including its commitment to innovation and a collaborative regulatory environment.

***Collaboration and innovation:** CTCIA fosters partnerships between captives, the broader insurance ecosystem, and our home-grown corporations, business and insurance start-ups.*

These collaborations have helped to drive new product development, particularly in emerging areas like climate risk and other innovative industry-focused captives.

"The strong partnership between the CTCIA, industry stakeholders, and state leadership, Connecticut is poised to lead the next wave of growth and innovation in the captive insurance industry"

***Domicile responsiveness:** Connecticut is using its position as a thought leader in the captive insurance space to respond quickly and effectively to captives here now, and those looking for a responsive and flexible regulatory environment.*

The strong partnership between the CTCIA, industry stakeholders, and state leadership, Connecticut is poised to lead the next wave of growth and innovation in the captive insurance industry.

PJ Cimini (CTCIA President)
Capitol Strategies Group

As a board member of the Connecticut captive insurance association and an active captive manager in Connecticut, I am a strong advocate of improving Connecticut's captive legislation to be at the forefront of US captive domiciles.

There are several opportunities that I think can be addressed by the legislature that would enhance Connecticut's posture within the captive industry.

First, I think House Bill 6433 is an important steppingstone in allowing businesses the additional flexibility related to the use of a protected cell captive making the Connecticut captive laws more consistent with other state domiciles, adding flexibility which will lead to greater innovation and efficiencies in attracting captive formations to Connecticut.

Looking ahead, I see opportunities to develop captive insurance programmes in areas that traditional commercial insurance carriers are either avoiding or leaving altogether, in both the commercial and personal lines marketplace.

Captive insurance programmes can be developed in coordination with the commercial market to share risk in fronting and reinsurance arrangements to help manage long-term costs and improve risk diversification in captive insurance structures.

In the commercial lines market, I'm seeing high demand for creative solutions to better manage property damage. Parametric coverages are also high in demand especially in agriculture and in geographic locations susceptible to flooding and wildfires.

Moreover, we're seeing business owners looking at the alternative risk market to address emerging risks arising from unforeseen situations such as pandemic risk to include business interruption along with supply chain disruption.

With Hartford being the insurance capital in the US, Connecticut is well positioned to leverage its insurance regulatory regime to provide the captive industry with the ability to develop alternative risk solutions in coordination with the traditional insurance market.

CTCIA can use its industry know-how to work with the Connecticut legislature to maintain a proactive approach to captive regulation.

"Looking ahead, I see opportunities to develop captive programmes in areas that traditional commercial insurance carriers are either avoiding or leaving altogether"

Debra Gaglioti
Captive Planning Associates

"Sectors such as healthcare, energy, and technology, which face unique challenges, hold significant growth potential for captive insurance solutions"

Connecticut's captive insurance market presents significant opportunities, particularly in the areas of ESG-focused solutions and customised risk management.

The state's leadership in climate initiatives, demonstrated through its participation in the Regional Greenhouse Gas Initiative (RGGI) and robust environmental protection programmes, uniquely positions it for developing ESG-centric captive solutions.

Connecticut's commitment to sustainability aligns perfectly with the growing emphasis on Environmental, Social, and Governance (ESG) considerations, creating fertile ground for innovative insurance structures that can help businesses manage these evolving risks.

As a board member, I believe CTCIA can effectively capitalise on these opportunities through several strategic initiatives. First, developing educational programmes on ESG risk management will help businesses better understand the intersection of environmental responsibility and risk mitigation. Collaborating with Connecticut's business friendly regulators to support innovative captive structures is crucial, ensuring that Connecticut remains an attractive domicile for ESG-focused captives. Additionally, partnering with sustainable businesses will position the state as a thought leader in this space.

Looking ahead, Connecticut's market can also benefit from the increasing demand for flexible, customised risk management solutions across various industries. As businesses grapple with complex and growing risks, captives provide a strategic advantage by offering tailored coverage that helps manage both costs and risk.

Sectors such as healthcare, energy, and technology, which face unique challenges, hold significant growth potential for captive insurance solutions.

To capitalise on these opportunities, CTCIA can focus on three key strategies: advocacy and education to highlight Connecticut's regulatory benefits, fostering strong partnerships with regulators and industry leaders, and expanding market outreach to enhance Connecticut's presence in the captive market. Through these efforts, Connecticut can continue to lead in the captive insurance space while meeting emerging needs and positioning itself as a leading domicile for sustainable and customised risk management solutions.

Ron Roth
National Network of Accountants

No fate but what captives make

The rise of AI has been swift, but must captive insurance accept the technology as an inevitability and adapt, or resist? *Mark Dugdale reports*

The big question

Let us begin with ChatGPT. It is, afterall, the most popular artificial intelligence (AI)-powered chatbot, which is operated by OpenAI and was recently the subject of an Elon Musk-orchanstrated US$97.4 billion takeover bid.

Ask ChatGPT the following question: "How can captive insurance benefit from the rise of AI?" Mere seconds later and the chatbot produces a detailed response, making a compelling case that benefits could include, among many others, improved risk modelling, predictive analytics, automation of claims handling, fraud detection, tailored insurance products, dynamic pricing models, and process automation.

Of course an AI-powered chatbot would find numerous applications and benefits for itself, would it not? But the insurance industry is similarly positive. Earnix, after surveying 431 insurance executives, revealed in late 2024 that insurers expect the impact of AI to nearly double from the last year to the current year, and then more than triple in the year ahead — a nearly six-fold increase in just a three-year window.

Earnix also found that 70 per cent of insurers expect to deploy AI models that make predictions based on real-time data in the next two years. However, rather tellingly, less than one-third (29 per cent) reported that they use AI models today, and the remaining one per cent said that they had no plans to use AI at all.

The rapid rise of AI is hard to ignore but the insurance industry appears to be adopting a wait-and-see approach, holding off from big and costly investments with the valid and useful scepticism it is renowned for. The captive insurance industry is similarly cautious.

Returning to ChatGPT's response, the implementation of AI in claims automation and analytics could produce a compelling use case, not least because it would cut through the hype and deliver tangible improvements rather than revolutionary upgrades.

Gabriel Weiss, CEO and co-founder of XN Captive, which provides end-to-end captive insurance services, comments: "AI has the potential to significantly improve efficiency across claims handling and the broader captive insurance operation."

Some of the areas where it could unlock value include enhancing data collection and synthesis.

Weiss says: "One of AI's most immediate benefits is its ability to collect, summarise, and synthesise data, ensuring claims adjusters have the right information at their fingertips. By structuring and presenting relevant details in an easily digestible way, AI allows adjusters to make faster, more informed decisions."

It could also automate straightforward claims processing, where the decision is clear-cut, dramatically reducing the need for human oversight. Weiss says: "This not only speeds up the claims process but also frees up human experts to focus on complex cases that require deeper analysis. While human oversight remains essential for quality control and regulatory compliance, the majority of routine tasks can be automated, improving overall efficiency."

Work smarter not harder

Ultimately, the human touch is crucial to improving the AI technology implemented within a claims processing environment. Weiss says: "AI models can improve over time by learning from human experts. A well-designed system can compare AI-generated decisions with human adjustments, using those differences as a feedback loop to refine its reasoning. As AI is integrated into claims workflows, it will become increasingly sophisticated, enabling more precise and confident decision-making.

He continues: "Beyond claims processing, these principles can extend to other areas of captive operations, such as underwriting, policy management, and compliance monitoring. The key to success is designing processes that balance automation with regulatory adherence and customer service excellence.

"By embedding AI into core workflows with continuous learning mechanisms, captive insurers can achieve a more efficient, scalable, and high-performing operation."

Trent Harper, president of Breckpoint — an Acrisure partner and self-funded insurance provider offering programmes across employee benefits and property and casualty lines — notes that recent AI applications have markedly improved capabilities in underwriting, reserve setting, and workflow optimisation.

Breckpoint's AI-driven process has cut manual report reconciliation time by roughly 40 per cent, resulting in faster, more accurate risk assessments.

But, he says, AI still has limitations in understanding the complexity of plan designs (co-pays, co-insurances, in and out of

"AI models can improve over time by learning from human experts. A well-designed system can compare AI-generated decisions with human adjustments, using those differences as a feedback loop to refine its reasoning"

Gabriel Weiss, XN Captive

network, etc) and “we have yet to have a breakthrough in plan analysis with AI only — humans in the loop are still required”.

“Thus AI, though showing improvement, is not a replacement for a well-trained underwriter or claims specialist in many tasks. It's about finding those tasks that AI can do well, and maximising accordingly.”

Joel Raedeke, chief technology and data science officer at Broadspire, the third-party claims administrator subsidiary of Crawford & Company, highlights AI’s own ability to get right to the point as a potential benefit: “One interesting use case for AI language models is helping people to find something that is very difficult to locate.”

He further explains: “If a claim comes in the door with 40 pages of insurance policy documents and disclaimers that you must read through to find out whether a crack in the sink is covered, the AI can read those documents instantly and find that information for you.

“It can even proactively read the fact that the accident description says ‘sink crack’ and go look at the policy documents so that the moment you turn on your computer and look at the claim, it can tell you, ‘I read this for you and I think that this claim is covered and I'm going to point you to the very sentence that says sinks are covered under this 40 page contract.’ That's an excellent use case.”

AI could also identify claimants with certain comorbidities that are not specifically listed anywhere but can be detected within the data, providing a better claimant experience and reducing insurer cost.

Raedeke adds: “For instance, there might be a note in a medical record that a patient is having trouble getting out of bed in the morning and a second note in the same file indicating that they no longer enjoy favorite sports or shows.

“If you ask the AI whether there are any signs of depression for this claimant, it can surface these symptoms even if the word depression is never mentioned. Proactively finding key indicators like this can help ensure better management of the claim.”

The future of AI

Whether or not AI gets its figurative hands on a captive’s data, the captive must ensure seamless data ingestion to keep operations lean and resource-light.

"AI can instantly compare thousands of insurance policies, identifying inconsistencies or key differences in seconds — something that would be virtually impossible for a human team to accomplish at scale"

Jonathan York, XN Captive

Harper says: “It’s critical. Seamless data ingestion minimises manual processing, ensuring that our systems receive clean, timely data. This efficiency keeps operations lean, reduces overhead, and allows our teams to focus on strategic decision-making rather than manual administrative data cleaning and entry.”

Jonathan York, chief technology officer at XN Captive, agrees: “Captive management, like any knowledge-driven business, relies heavily on high-quality data to inform decision-making. The way data is handled directly impacts the accuracy, timeliness, and overall effectiveness of those decisions.

“A well-structured approach to data management ensures that companies can extract maximum value from their information. This starts with organising and managing documents efficiently — keeping track of unstructured content, making it searchable, sortable, and accessible. The next level involves leveraging tagging and metadata to describe the content, enabling faster and more effective retrieval.”

Advanced data extraction techniques, meanwhile, can transform unstructured content into structured data, allowing for deeper analytics and better reasoning. York continues: “The key question then becomes how to do this efficiently — manual processing is slow, labour-intensive, and prone to errors, whereas automation, powered by modern AI tools, streamlines the process.

“The latest generation of AI models can not only automate document management and data extraction but also perform complex semantic reasoning tasks. For example, AI can instantly compare thousands of insurance policies, identifying inconsistencies or key differences in seconds — something that would be virtually impossible for a human team to accomplish at scale.

He explains: “By applying modern technology to data ingestion and management, captive insurance firms can deliver a significantly better client experience, enhance decision-making, and reduce operational costs — all while handling data at a speed and scale that manual processes simply can’t match.”

Above and beyond doing what a captive does now, but better, AI can also deliver strategic gains thanks to the huge amounts of detailed claims data at their disposal.

Harper says: “AI can transform raw claims data into strategic insights. By uncovering hidden patterns and predictive trends, advanced AI tools can enable proactive cost containment,

"AI can transform raw claims data into strategic insights. By uncovering hidden patterns and predictive trends, advanced AI tools can enable proactive cost containment, refined underwriting strategies, and enhanced claims forecasting"

Trent Harper, Breckpoint

refined underwriting strategies, and enhanced claims forecasting, ultimately driving better financial outcomes and client satisfaction.

“This is especially true if we can tap into broader industry data for benchmarking purposes with our clients — something that we would not have been able to do in an automated format even just a few years ago.”

Weiss adds: “AI thrives on data, and data in captive insurance has the potential to provide rich insights. However, when people talk about AI models needing large amounts of data, they’re often referring to training neural networks from scratch — something that requires massive datasets far beyond what any individual captive insurer would have.

“In reality, the opportunity in captive insurance isn’t about building AI models from the ground up but rather leveraging existing, state-of-the-art AI models to analyse data and support better decision-making.”

He further explains that modern AI reasoning models can scrutinise claims behavior, aiding insurers in pinpointing opportunities for policy and process enhancements, detecting patterns, and making more informed decisions.

However, to produce truly valuable insights, AI requires more than just raw claims data — it needs context.

“Simply feeding claims history into an AI model will yield basic statistical correlations, which are far less insightful than the reasoning and judgment a human expert would apply. To achieve meaningful results, AI needs access to broader contextual data, including policy details and insured demographics and the knowledge of real-world events, to allow it to draw conclusions that are truly insightful,” Weiss notes.

He argues that this challenge highlights a significant issue in the captive insurance industry: the lack of standardised data formats.

He notes that inconsistencies in the structuring of policies, insured information, and other contextual data hinder the effective application of AI across multiple firms or the industry as a whole.

Weiss concludes: "Standardising data formats would open the door for AI to provide far more powerful insights, benefiting not just individual captive insurers but the industry at large. Moving forward, the industry should prioritise creating common frameworks for data standardisation to fully unlock AI's potential."

"If a claim comes in the door with 40 pages of insurance policy documents and disclaimers that you must read through to find out whether a crack in the sink is covered, the AI can read those documents instantly and find that information for you"

Joel Raedeke, Broadspire

Leveraging captives for SMBs

John Michael Alexander and Ryan Basnett from the South Carolina Department of Insurance explain the competitive advantages for small and medium-sized businesses when choosing South Carolina as the domicile to establish their captives

Which regulatory provisions or legislative frameworks make South Carolina particularly attractive for SMBs considering captive insurance solutions?

South Carolina offers a highly flexible regulatory framework for captive insurance. Our low fees and taxes, coupled with a variety of captive formation options, are designed to meet your business's specific needs. With a rich history in captive insurance, we have established and regulated a diverse array of captives across various industries.

Our extensive experience includes pure captives, which serve as the most accessible entry point for SMBs, as well as protected cell companies that offer enhanced protection for SMBs entering the captive space. Additionally, we cater to unique requirements through special purpose captives, designed for programmes that don't align with the other captive types we offer. If it makes sound business sense, we are committed to setting you up with a South Carolina captive.

Which types of SMBs in South Carolina are experiencing the greatest success with captive insurance solutions? Are there specific industries or sectors where captives are delivering the most value?

Many of our smaller captives share a common focus: insuring property or equipment that is exceptionally costly or challenging to replace or repair.

This often includes items such as drones for roofing contractors or construction firms, specialised motorised equipment and vehicles, or livestock. These smaller companies have frequently found such coverage either entirely unavailable or prohibitively expensive in the commercial market, which, as we recognise, is a principal strategic reason for establishing a captive in the first instance. Despite typically having minimal loss histories in these areas, the commercial market is currently unwilling to assume this risk. Our captives have achieved considerable success in underwriting these lines in South Carolina.

What are the primary risks that SMBs in South Carolina are mitigating through captive insurance programmes? Are there any emerging or industry-specific risks that are driving increased captive adoption?

In our existing and newly established captives, the predominant emerging lines observed recently are cyber, wildfire, and director and officer (D&O) coverage. Additionally, product liability has become a significant line for some of our smaller businesses. For smaller startups, in particular, this line can be highly advantageous to include in a captive.

What resources and support mechanisms are available for SMBs in South Carolina exploring captive insurance, including educational initiatives, advisory services, and access to specialised service providers?

South Carolina is proud to collaborate with outstanding service providers across all key areas of captive management, including captive management firms, auditors, actuaries, legal service providers, and consultants. Our fully autonomous captive regulation team values the opportunity to be good partners with these providers in service of the industry's needs.

What key challenges do SMBs face when establishing or managing a captive in South Carolina — such as cost, regulatory complexities, or access to expertise — and how can these be effectively addressed?

We have observed that many SMBs are unprepared for the costs associated with establishing a new captive. While we, as a domicile, offer lower fees and tailor capitalisation requirements as closely as possible to the individual business, these expenses can become burdensome if not anticipated from the outset. In the long term, captives are generally less expensive than obtaining insurance from the commercial market, but startup costs can pose challenges for SMBs.

These issues can be addressed by businesses conducting thorough research into captives and utilising the resources available here in South Carolina. Introductory calls with the captive team are free of charge, and we are happy to discuss the formation process from our perspective with anyone considering opening a captive in our state. Additionally, each year the South Carolina Captive Insurance Association (SCCIA) holds a captive insurance educational conference in Charleston, where potential captive owners can learn more about captives, meet service providers, and connect with our captive team.

How does South Carolina's regulatory framework cater to the unique needs of smaller captives? Are there any streamlined processes, exemptions, or tailored provisions that benefit SMBs?

We recognise that all businesses, particularly SMEs, need to be agile and adaptive to achieve their objectives.

In light of this, we strive to be agile and responsive during both the formation process and the ongoing regulation phase of your captive's operations.

Our licensing process takes 30–45 days, depending on the size and complexity of the programme, and we have a dedicated licensing team working to complete this as quickly as possible. Additionally, business plan changes are processed within 24–48 hours, with most completed much sooner.

Moreover, we do not charge for business plan changes, reducing the burden on your captive as it grows and evolves.

We aim to be not only effective regulators of your company but also valuable business partners. We have a vested interest in the success of your captive.

"South Carolina is proud to collaborate with outstanding service providers across all key areas of captive management, including captive management firms, auditors, actuaries, legal service providers, and consultants"

Ryan Basnett
Chief financing analyst
South Carolina Department of Insurance

What role do captive managers and consultants play in supporting SMBs in South Carolina with captive formation and ongoing operations? What critical expertise should businesses look for when selecting a service provider?

As previously mentioned, South Carolina has excellent captive managers and consultants dedicated to the success of our current and prospective new captive companies. A comprehensive list of approved service providers can be found on our captives website.

These service providers can offer key insights into the most suitable type of captive for your business and assist throughout the entire formation process. Once established, they play a crucial role in preparing and providing the required regulatory filings and helping you adapt your captive for successful operation and future growth.

How does the South Carolina Department of Insurance actively support and promote the growth of the SMB captive market? Are there any upcoming initiatives aimed at fostering this segment?

South Carolina remains a business-friendly and open domicile for captives that make sound commercial sense. We recognise that small businesses are the backbone of the economy and have always fully supported SMEs in forming captives. We regularly attend industry conferences and events to promote the domicile and look forward to meeting any company considering a captive with us.

How does South Carolina compare to other domiciles that also cater to smaller captives? What are its key competitive advantages, and why should SMBs consider it over alternative jurisdictions?

Captive owners have several excellent options for domiciling their captives both in the US and internationally. What distinguishes South Carolina is the maturity of our domicile, our extensive experience handling a variety of captives, and the responsiveness and agility of our captive team.

Since 2000, South Carolina has managed captives in various forms across a multitude of industries. With over 440 captives formed and more than 230 currently operational, our team possesses the experience and track record to regulate your captive with a high level of excellence. We strive to be a good business partner with our captive companies by being available, responsive, and efficient in our approach to forming and regulating your captive. ■

"We recognise that small businesses are the backbone of the economy and have always fully supported SMEs in forming captives"

John Michael Alexander
Supervising financial analyst
South Carolina Department of Insurance

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Donny Tong
Senior Vice President
212-590-0976
donny.tong@truist.com

Joseph Monaco
Senior Vice President
212-303-1746
joseph.monaco@truist.com

Barbara Aubry
Senior Vice President
212-303-4164
barbara.aubry@truist.com

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Captives as a strategic tool

Mergers, acquisitions, and IPOs

Waqqas Asghar, audit director at RH CPAs, speaks to John Savage about harnessing captives to optimise financial benefits during mergers and acquisitions and initial public offerings

image by your123/stock.adobe.com

In what ways can captives be structured to optimise tax benefits during M&A, such as reducing taxable gains or deferring tax liabilities?

During M&A, captives can be structured in various ways to optimise tax benefits. Some key approaches include:

- **Transfer pricing optimisation:** Captives can set premiums at arm's-length prices, ensuring deductions for the parent company while limiting taxable income for the captive.
- **Deferral of taxable gains:** If assets are transferred to a captive, taxable gains can be deferred when assets are exchanged for stock in the captive, as permitted under the Internal Revenue Code (IRC) Section 351.
- **Favourable tax jurisdictions:** Captives can be established in low-tax or tax-favourable jurisdictions where advantageous tax treaties help reduce withholding taxes on premium flows or claims payouts.
- **Utilisation of carry-forward losses:** Post-acquisition, loss carry-forwards in the captive can offset taxable income of the parent or subsidiaries if structured within a consolidated tax group.
- **Reinsurance of pre-existing liabilities:** A captive can reinsure the parent or acquired company's pre-existing liabilities, deferring recognition of associated tax liabilities. Structuring these reinsurance agreements with flexible terms can spread the tax impact over several years.

What are the key financial considerations when using captives to transfer risks associated with M&A, particularly around integration risks or liabilities from acquired businesses?

Key financial considerations when using captives to transfer risks associated with M&A, particularly around integration risks or liabilities from acquired businesses, include:

- **Funding and capitalisation of the captive:** Captives must meet regulatory capital requirements based on the risks they underwrite and how the captive is structured, ensuring solvency. It is essential to assess whether initial funding will come from surplus funds, equity injection, or reinsurance premiums, as this directly impacts the parent company's cash flow and tax position.
- **Risk quantification and pricing:** It is necessary to evaluate and quantify risks such as operational disruptions, cultural integration, or systems alignment. Captives can underwrite these risks and charge premiums based on actuarial assessments.

Determining the financial exposure from the acquired company's historical liabilities, such as environmental issues, product liabilities, or litigation, is also crucial. Pricing policies appropriately avoids underfunding. Additionally, appropriate transfer pricing must be determined to ensure that premium rates charged by the captive comply with tax and regulatory requirements, thereby avoiding transfer pricing disputes.

- **Reserving and claims management:** Sufficient reserves must be established for both known and potential claims, including incurred-but-not-reported (IBNR) losses. For run-off liabilities, reserves should be created to manage claims over time. Captives can be used to transfer and isolate these liabilities from the parent company's balance sheet. An appropriate claims payout strategy must also be developed to align with cash flow and liquidity needs.
- **Reinsurance strategy:** Risk sharing must be structured effectively, determining whether to use reinsurance to transfer high-severity or low-frequency risks from the captive to third-party reinsurers, optimising the captive's balance sheet. Effective cost control is required to balance the cost of reinsurance with the need to retain manageable levels of risk within the captive. It is important to evaluate reinsurance structures such as quota share (proportionate sharing of all claims) or stop-loss coverage (protecting against aggregate claim amounts exceeding a set limit).
- **Tax efficiency:** Premiums paid to the captive should be deductible in the parent company's jurisdiction to reduce taxable income. It is also necessary to consider how investment income will be taxed in the captive's jurisdiction. Exploring structures that allow for the deferral of tax liabilities associated with claims payouts or reinsurance arrangements can provide additional financial benefits.
- **Financial reporting and transparency:** How the captive's financials will be integrated into the parent company's financial statements post-acquisition must be determined, in accordance with the applicable financial reporting framework in the relevant jurisdiction. When transferring risks or reserves into a captive, fair value adjustments must be accurately recorded in financial reports. The costs of regulatory compliance, record-keeping, administration, audits, and actuarial assessments related to the captive must also be accounted for.
- **Cash flow management:** The timing of premium payments must align with the cash flow needs of the parent company. Claims payments should be structured to minimise liquidity stress on both the captive and the parent company. Investment returns on the captive's reserves must be maximised while maintaining sufficient liquidity to meet claims obligations.
- **Cost savings and efficiency:** Captives are designed to provide coverage at a lower cost than traditional insurers, particularly for specialised or hard-to-place risks. They also help smooth the financial impact of large claims over time, reducing earnings volatility during integration.
- **Exit strategy and risk run-off:** The costs and benefits of tail coverage for risks that extend beyond the immediate integration period should be evaluated. There must also be a plan for the eventual closure or transfer of the captive, particularly if the acquisition strategy involves divestments or restructuring.

How can captives be integrated into the due diligence process of a M&A to help identify and mitigate financial risks and liabilities?

Integrating captives into the due diligence process during a merger or acquisition can offer significant advantages in identifying, quantifying, and mitigating financial risks and liabilities. Captives can be effectively utilised in several key areas.

In the assessment of legacy liabilities, captives can analyse and underwrite existing risks such as environmental issues, litigation exposure, or product liabilities within the target company.

Actuarial reviews conducted through the captive can estimate IBNR losses or other latent liabilities. Additionally, captives can be used to ring-fence these liabilities, preventing them from affecting the acquiring entity's balance sheet.

When evaluating insurance and risk management practices, captives can assess the adequacy and structure of the target's existing insurance programmes, including coverage gaps, exclusions, and limits. By reviewing the target company's claims history, captives can identify patterns of recurring losses or significant exposures that may impact the acquisition value.

They can also evaluate the target's insurance premiums relative to market benchmarks to identify overpayments or underinsurance.

Captives play a crucial role in the stress testing of risks. They can model worst-case scenarios for key risks, such as cyberattacks, product recalls, or regulatory fines, to assess the target's risk exposure.

Scenario testing can also be applied to post-acquisition integration risks, including IT system failures, cultural misalignment, or supply chain disruptions. Furthermore, solvency stress tests help determine whether the captive and its reserves can withstand high-severity claims arising from the target company.

In structuring pre-acquisition coverage, captives can provide tailored run-off insurance to cover legacy liabilities, such as claims from prior operations, that would otherwise remain with the seller. They can also facilitate reinsurance agreements to share high-risk exposures with third-party reinsurers.

Additionally, captives can provide representations and warranties (R&W) insurance for the buyer or seller, covering potential breaches of contract terms post-acquisition.

Tax considerations in risk transfer include the ability to use captives to structure tax-deductible premiums for risk transfer, thereby reducing taxable income for the buyer or seller.

Captives also ensure that premiums charged during the transaction comply with international transfer pricing regulations. Furthermore, captives can be utilised to defer recognition of tax liabilities related to integration risks or claims payouts.

Captives contribute to an enhanced valuation of the target by incorporating their insights into the due diligence process, helping adjust the purchase price based on identified risks and the cost of managing them. A captive's risk analysis provides the acquirer with a clearer picture of the target's liabilities, reducing the likelihood of post-transaction surprises. If the target owns a captive, its reserves, profitability, and alignment with the acquirer's risk strategy should be assessed to determine its contribution to the overall valuation.

The compliance and regulatory risk assessment function of captives ensures that the target's compliance with industry regulations, particularly concerning data privacy, environmental laws, or employment practices, is thoroughly reviewed. If the target has an existing captive, its regulatory standing, solvency, and adequacy of reserves should be assessed. Additionally, regulatory risks for captives domiciled in different jurisdictions should be analysed to understand their impact on cross-border M&A transactions.

To mitigate post-acquisition risks, captives can provide tailored post-acquisition insurance policies to cover integration-related risks, such as employee turnover or operational disruptions. They also play a role in developing a risk financing plan to address potential cost overruns or delays in integration.

Establishing reserves within the captive for contingent liabilities identified during due diligence further strengthens financial preparedness.

Captives also facilitate risk communication by generating detailed risk reports for stakeholders, including the board, lenders, or investors, to inform M&A decision-making. Insights from the captive's risk assessment can also be leveraged to negotiate indemnities, purchase price adjustments, or escrow arrangements in the acquisition agreement.

Finally, in the integration of captive operations post-M&A, if both parties own captives, assessing the feasibility of merging or consolidating the entities can improve efficiency.

Aligning the captive's underwriting strategy with the acquirer's broader risk management framework ensures a cohesive approach to risk. Moreover, captives can help optimise insurance procurement for the combined entity, reducing reliance on third-party insurers and generating cost savings.

What role do captives play in managing financial risks related to pre-IPO activities, such as product development, market entry, or regulatory compliance?

Captives can play an important role in managing financial risks related to pre-IPO activities.

Firstly, captives provide coverage for product development risks, including research and development failures, intellectual property disputes, and potential product recalls, ensuring financial stability as the company builds its product pipeline ahead of going public.

They also help mitigate market entry risks by insuring against uncertainties linked to geographic or product expansion, such as political instability, supply chain disruptions, and reputational damage, reducing potential setbacks during pre-IPO growth.

In terms of regulatory compliance, captives help manage liabilities arising from non-compliance with data privacy, environmental, or industry-specific regulations, minimising financial and reputational risks that are closely scrutinised during IPO preparations.

Additionally, captives offer directors and officers (D&O) liability insurance and employment practices liability coverage, safeguarding executives and addressing workforce-related claims during pre-IPO restructuring.

By stabilising earnings through pre-funded risk coverage, captives also help reduce financial volatility and demonstrate robust risk management practices, ultimately increasing investor confidence and enhancing IPO valuation.

How can the use of captives enhance liability protection for companies post-IPO, especially in relation to product liability or securities-related claims?

The use of captives can enhance liability protection for companies post-IPO in several ways. Captives can underwrite tailored policies to address risks related to defective products, recalls, or warranty claims, providing financial security for claims that could harm the company's reputation and profitability.

In terms of securities-related claims, captives can provide bespoke coverage for D&O liability and securities-related risks, such as shareholder lawsuits alleging misstatements, omissions, or fiduciary breaches, which are common after an IPO.

Additionally, captives can offer excess liability coverage or fill gaps in commercial insurance policies, ensuring comprehensive protection against high-severity claims.

By managing these risks internally, they help reduce reliance on costly external insurance markets, providing a more cost-effective way to address evolving liabilities.

Captives also allow companies to build reserves for future claims, ensuring liquidity and financial resilience in the face of unpredictable liabilities post-IPO.

How might the existence of a captive insurance company improve a company's financial standing and attractiveness to investors during an IPO?

The existence of a captive insurance company can enhance a company's financial standing and attractiveness to investors during an IPO by providing key advantages. Captives demonstrate proactive risk management by addressing major liabilities, such as product liability and regulatory risks, thereby reducing uncertainties and making the company more stable and predictable.

They contribute to earnings stability by pre-funding potential losses, minimising financial volatility, and presenting a stronger financial profile to investors. By insuring risks internally, captives help lower insurance costs, improve cash flow, and enhance overall financial efficiency, strengthening profitability metrics.

Additionally, captives showcase strong governance and financial discipline, reassuring investors about the company's ability to manage risks effectively, which can have a positive impact on IPO valuation.

In what ways can captives provide greater financial flexibility for companies engaged in mergers, acquisitions, or IPOs, for example, by improving access to capital or retaining earnings?

Captives provide greater financial flexibility for companies during mergers, acquisitions, or IPOs by enabling them to retain underwriting profits and invest reserves, thereby boosting cash flow and preserving funds for strategic initiatives.

By mitigating risks and stabilising financial performance, captives enhance creditworthiness, which can improve loan terms or attract investors. They also allow companies to pre-fund anticipated liabilities, such as legacy claims or IPO-related risks, reducing reliance on costly external insurance or capital reserves.

In addition, captives lower insurance costs, freeing up financial resources for investment in growth or post-transaction integration efforts.

How does the strategic use of captives improve a company's risk profile, potentially leading to more favourable terms for loans or financing?

The strategic use of captives enhances a company's risk profile by providing a centralised mechanism to manage and mitigate financial and operational risks. By addressing liabilities such as product recalls, regulatory compliance, or litigation exposures, captives reduce uncertainty and stabilise cash flows. They also enable companies to retain underwriting profits and build reserves, demonstrating strong risk management practices.

This improved financial stability and predictability make the company more attractive to lenders and investors, potentially leading to more favourable loan terms, reduced financing costs, and improved access to capital markets.

How can captives facilitate strategic partnerships or joint ventures by providing a framework for financial risk-sharing and collaboration?

Captives can facilitate strategic partnerships or joint ventures by providing a structured framework for financial risk-sharing and collaboration in several ways.

They can serve as a shared insurance vehicle, pooling resources to manage mutual risks such as project liabilities or operational exposures more efficiently.

Captives also enable transparent allocation of insurance costs among partners or joint venture participants, fostering trust and equitable risk-sharing.

Additionally, they allow for the creation of customised coverage tailored to the specific risks of the partnership or venture, ensuring all parties are adequately protected without the need to rely on external insurers.

How can captives be leveraged to support future growth initiatives, such as market expansion or new product launches, from a financial and strategic perspective?

Captives can be leveraged to support future growth initiatives from both a financial and strategic perspective in several ways.

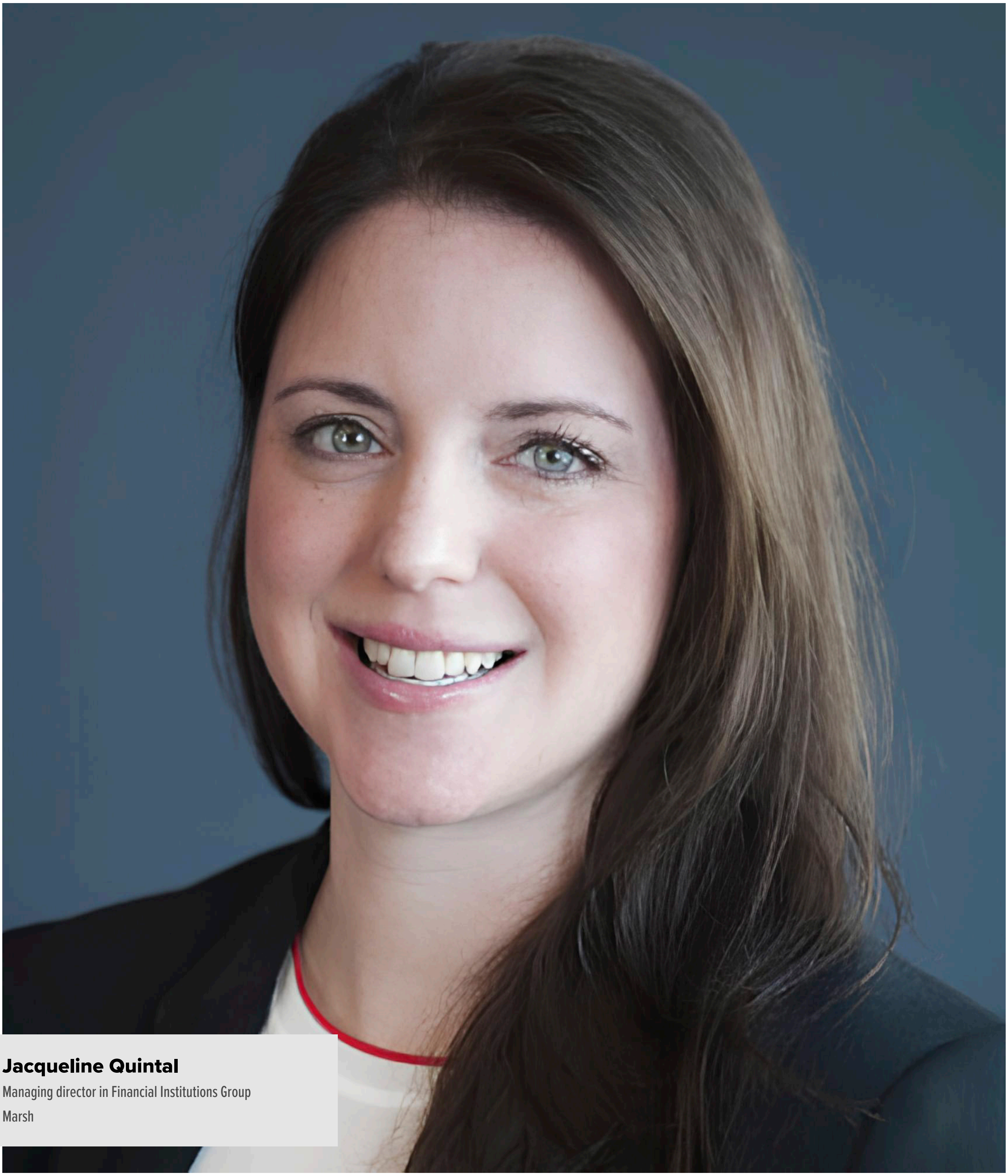
They enable risk financing by pre-funding potential liabilities associated with market expansion or new product launches, ensuring financial stability during high-risk growth phases.

Captives also provide customised insurance coverage for risks such as product liability, regulatory compliance, or supply chain disruptions, reducing uncertainties in new ventures.

By reducing reliance on external insurers, captives enhance cost efficiency, lowering insurance expenses and freeing up capital for reinvestment in growth initiatives. They contribute to revenue stability by covering unexpected losses, ensuring consistent financial performance as the company expands.

Furthermore, captives collect and analyse risk data, offering valuable strategic insights that support informed decision-making when entering new markets or launching innovative products. ■

> "Captives also enable transparent allocation of insurance costs among partners or joint venture participants, fostering trust and equitable risk-sharing"
>
> **Waqqas Asghar**
> Audit director
> RH CPAs



Jacqueline Quintal
Managing director in Financial Institutions Group
Marsh

Elevating captives in the digital age

Jacqueline Quintal, managing director in Financial Institutions Group at Marsh, sheds light on the use of digital assets in the captive insurance space

How do you see digital assets reshaping the insurance landscape, particularly in the captive insurance sector?

Marsh has been assisting digital asset clients in tailoring and placing insurance cover since 2014. Over this period, we have observed market growth and worked closely with insurers to enhance their understanding of digital asset risks.

In the captive insurance sector, regulators in key domiciles are increasingly recognising and adapting to the use of cryptocurrency within captives, provided that parameters are in place to address the valuation of these assets.

What challenges and opportunities do you foresee for captives looking to integrate digital assets into their risk management strategies?

Integrating digital assets into a captive's risk management strategy can offer opportunities to streamline processes and enhance operational efficiency. Additionally, there may be prospects for liquidity management and/or hedging, contingent upon market performance. However, fluctuating values can pose significant risks to a captive's financial stability.

Two further challenges are fronting and potential counterparty risk. Many insurers remain reluctant to provide traditional fronting to — or accept reinsurance from — a captive backed by digital assets; nevertheless, those who do so first may gain a competitive advantage.

Regarding counterparty risk, a third-party digital asset custodian will typically be required. Conducting thorough due diligence on the custodian — from both technological and control perspectives, as well as evaluating their insurance programmes — is imperative. The strength and scope of insurance programmes can vary considerably, which could ultimately determine whether a captive incurs losses in the event of a breach at the custodian.

Finally, the extent of residual risk and insurable interest varies depending on the type of insurance purchased by a custodian; institutions that own digital assets can collaborate with a broker to design solutions addressing those risks not transferred to or insured by the custodian.

Marsh has been at the forefront of innovation in insurance. Can you share any examples of how your firm has helped clients navigate the use of digital assets within captive structures?

Marsh Captive Solutions has collaborated with Tabit Holdings to establish a segregated cell company in Barbados, fully supported by digital assets. This captive will offer direct (re)insurance, aiming to deliver essential insurance solutions for other digital asset service providers.

Additionally, they have set up a rent-a-captive facility for other captive owners wishing to create their own segregated cell backed by bitcoin or US currency.

Regulatory uncertainty remains a key concern for companies dealing with digital assets. How do you advise captive insurers to manage compliance risks while leveraging blockchain technology and cryptocurrencies?

We advise captive insurers to approach regulatory uncertainty with caution. Proactive engagement with regulators is essential to navigate the intricate landscape of compliance risks associated with digital assets.

By maintaining open channels of communication and staying abreast of regulatory developments, captives can better position themselves to leverage blockchain technology and cryptocurrencies while minimising compliance risks.

Being proactive in understanding and adapting to regulatory changes will help captives ensure they remain compliant while exploring the benefits of digital assets.

For instance, regulators open to collaborating with digital asset-backed captives often require adequate reporting of asset valuations. In these early stages, this has entailed more frequent reporting to regulators and open communication to alleviate concerns and enhance transparency.

How might tokenisation and smart contracts influence the future of captive insurance, particularly in enhancing operational efficiency and reducing costs for captives?

There is undoubtedly potential for tokenisation to enhance operational and financial efficiency in captive insurance. However, the specifics of how and when this will materialise remain uncertain. I am optimistic that our industry will adopt tokenisation with a balanced perspective on both the opportunities and risks.

Regarding smart contracts, they offer a means to expedite transactions in a real-time environment while maintaining the contractual parameters essential for a genuine insurance product. For captives that solely provide coverage to their owners, this advantage may be minimal.

However, when captives engage as reinsurers or offer third-party coverage, smart contracts can serve as a competitive differentiator and a means to reduce expenses.

Liquidity and volatility are two major concerns when it comes to holding digital assets on a captive's balance sheet. How can insurers mitigate these risks while still benefiting from the potential advantages of blockchain-based assets?

The volatility of digital assets has long been a concern when considering their use as a capital base. Establishing a captive with these assets necessitates understanding how to set parameters for allowable volatility thresholds that maintain the solvency ratios expected by captive regulators. This requires a carefully constructed methodology of safeguards, along with quality service providers to help execute the plan once developed.

Generally, it is advisable to focus on more liquid and established digital assets. The near-instant settlement capabilities of digital assets on most blockchains, available 24/7, are beneficial for situations requiring quick asset sales. However, it is important to consider that many digital assets come with lock-up periods when staked, which can affect liquidity.

Alternatively, insurers may consider using stablecoins, which are pegged to fiat currency, to mitigate volatility and enable revenue generation elsewhere.

Looking ahead, what trends in digital asset adoption within insurance are you most excited about, and what should captive owners and risk managers be preparing for in the next five to ten years?

The new US administration is certainly embracing digital assets and is expected to promote more widespread adoption.

Increased adoption — within the insurance industry and in other areas, such as financial services firms that purchase insurance and will expect digital asset exposures to be insurable — creates an opportunity for innovation.

Captive owners and risk managers should be preparing to identify and quantify risks related to digital asset adoption and measuring present and future risk scenarios, enabling evaluation of risk transfer efficacy over time.

Developing decision frameworks that connect risk to ongoing growth and business strategy for insurable and non-insurable risks will help organisations find the balance of risk retention and transfer over short and longer time horizons. ■

Jack Meskunas
Executive director of investments
Oppenheimer & Co.

Volatility ahead

Jack Meskunas, executive director of investments, Oppenheimer & Co., considers the outlook for captive insurance company portfolios under 'Trump 2.0'

As we move ahead in 2025, the landscape is filled with uncertainty. It is crucial for businesses in the captive insurance sector — as well as those that manage them — to stay informed about potential shifts in strategies coming from the new administration, and how those shifts may affect stock and bond valuations.

The new president and the cabinet he has assembled have proposed changes to virtually every way the US government conducts business, both domestically and internationally. As such, preparing for uncertainty and knowing that your captive's portfolio is optimised (and resilient) is crucial.

Proposed policies include changes to taxation, regulation, cost cutting (think DOGE), energy policy, immigration, tariffs and trade.

Taxation

Initial discussions are to make the 2017 Tax Cuts and Jobs Act from 2017 permanent. These cuts were set to expire and would have resulted in hundreds of billions of new taxes affecting individuals and corporations alike.

'Trump 2.0' has proposed cutting the corporate tax rate to 19 per cent, or even as low as 15 per cent — putting the US on more even footing with the rest of the world. Once passed, the uncertainty around future tax rates may allow both individuals and corporations — including captives and other insurance companies — to make long-term plans to increase long-term growth and profitability.

Regulation

'Trump 1.0' had a significant positive impact on businesses by cutting red tape and reducing burdensome regulations. Expect the same — and more — from Trump 2.0. Deregulation could enhance M&A activity, raising overall equity valuations and increasing corporate growth.

Cost-cutting

Reducing government spending is something that every politician promises and few (perhaps none) have delivered. Trump 2.0 seems to be off to a strong start with the Department of Government Efficiency (DOGE), aimed at finding US$1 trillion of savings.

As we have seen however, attempting major reworking of government employees and spending does not come easily, and the administration is already facing many lawsuits and restraining orders from district judges and elsewhere.

Energy policy

Trump 2.0 assurances to significantly increase energy production and deregulation in the energy sector will likely dramatically lower energy prices. Lower prices for energy are a powerful deflationary factor as energy is an input into almost everything. Lower energy costs will likely increase corporate profits. More domestic production reduces and may even eliminate US dependence on purchasing energy from unsavory regimes worldwide.

Immigration

A major campaign promise from the Trump team was sealing the southern border and tightly controlling illegal immigration, coupled with "massive deportations". These issues are controversial, particularly if millions are deported. However, so far the focus has been on deporting only illegal immigrants convicted of crimes that have standing removal orders. Massive deportations could limit the availability of ultra-low-cost labor that is used primarily in agriculture and food service. Higher minimum wages in some states have caused job losses by US citizens, some of which are being picked up by undocumented workers. Massive — think 5 to 10 million — deportations could be inflationary.

Tariffs and trade

It was estimated by the Federal Reserve that tariffs in 2019 resulted in the loss of about 43,000 factory jobs in the US. Tariffs proposed so far by Trump 2.0 seem more like negotiating tools. The threat of new tariffs have been aimed to get concessions or cooperation from other countries that previously were not willing to cooperate or coordinate with US policies.

For example, Colombia initially refused to accept deportation flights, but the threat of 25 per cent tariffs resulted in almost immediate capitulation and the tariffs never were imposed. Additional threats against Canada, Mexico, and Panama all seemed to have similar goals regarding illegal immigration, illegal drug trade, and (in the case of Panama) to get their withdrawal from the China Belt and Road Initiative.

Year	Maximum Drawdown	Drawdown Start Date	Drawdown End Date	Drawdown Recovery Date	Annual Price Return	Average Fed Fund Rate	Avg 10-Year Treas. Yield	Avg CPI Inflation Rate
2024	08.49%	07/16/2024	08/05/2024	09/19/2024	23.31%	5.15%	4.21%	3.00%
2023	10.28%	07/31/2023	10/27/2023	12/01/2023	24.23%	5.02%	3.96%	4.40%
2022	25.43%	01/03/2022	10/12/2022	01/19/2024	19.44%	1.66%	2.94%	8.00%
2021	05.21%	09/02/2021	10/04/2021	10/21/2021	26.89%	0.10%	1.40%	4.70%
2020	33.92%	02/19/2020	03/23/2020	08/18/2020	16.26%	0.40%	0.90%	1.20%
2019	06.84%	04/30/2019	06/03/2019	06/20/2019	28.88%	2.20%	2.10%	1.80%
2018	19.78%	09/20/2018	12/24/2018	04/23/2019	06.24%	1.80%	2.90%	2.40%
2017	02.58%	03/02/2017	04/13/2017	05/02/2017	19.42%	1.00%	2.30%	2.10%
2016	10.27%	01/01/2016	02/11/2016	03/17/2016	09.54%	0.40%	1.80%	1.30%
2015	12.04%	07/21/2015	08/25/2015	07/08/2016	00.73%	0.10%	2.10%	0.10%
2014	07.28%	09/19/2014	10/15/2014	10/31/2014	11.39%	0.10%	2.50%	1.60%
2013	05.58%	05/22/2013	06/24/2013	07/11/2013	29.60%	0.10%	2.30%	1.50%
2012	09.58%	04/31/2012	06/01/2012	08/16/2012	13.40%	0.10%	1.80%	2.10%
2011	18.64%	05/02/2011	10/03/2011	02/17/2012	00.00%	0.10%	2.80%	3.20%
2010	15.63%	04/26/2010	07/02/2010	11/04/2010	12.78%	0.20%	3.20%	1.60%
2009	27.19%	01/07/2009	03/09/2009	05/08/2009	23.45%	0.20%	3.20%	-0.30%
2008	47.71%	01/01/2008	11/20/2008	01/10/2013	38.49%	1.90%	3.60%	3.80%
2007	09.87%	10/10/2007	11/26/2007	03/14/2013	03.53%	4.90%	4.60%	2.90%
2006	07.46%	05/08/2006	06/13/2006	09/13/2006	13.62%	5.10%	4.80%	3.20%
2005	07.01%	03/08/2005	04/20/2005	07/11/2005	03.00%	3.60%	4.30%	3.40%
2004	07.43%	03/08/2004	08/12/2004	11/04/2004	08.99%	1.40%	4.30%	2.70%
2003	13.78%	01/15/2003	03/11/2003	05/2/2003	26.38%	1.10%	4.00%	2.30%
2002	33.01%	03/20/2002	10/09/2002	10/16/2006	23.37%	1.70%	4.60%	1.60%
2001	29.09%	01/31/2001	09/21/2001	10/16/2006	13.04%	3.90%	5.00%	2.80%
2000	16.56%	09/04/2000	12/20/2000	05/18/2007	10.14%	6.20%	6.00%	3.40%
1999	11.80%	07/19/1999	10/15/1999	11/16/1999	19.53%	5.00%	5.60%	2.20%
1998	19.19%	07/20/1998	08/31/1998	11/23/1998	26.67%	5.40%	5.30%	1.60%
1997	10.80%	10/07/1997	10/27/1997	12/05/1997	31.01%	5.50%	6.30%	2.30%
1996	07.60%	06/05/1996	07/23/1996	09/13/1996	20.26%	5.30%	6.40%	2.90%
1995	02.53%	12/13/1995	12/20/1995	01/29/1996	34.11%	5.80%	6.60%	2.80%
1994	08.94%	02/02/1994	04/04/1994	02/03/1995	01.54%	4.20%	7.10%	2.60%
1993	04.99%	03/10/1993	04/26/1993	08/20/1993	07.06%	3.00%	5.90%	3.00%
1992	06.24%	01/15/1992	04/08/1992	07/28/1992	04.46%	3.50%	7.00%	3.00%
1991	05.60%	04/17/1991	05/15/1991	05/31/1991	26.31%	5.70%	7.80%	4.30%
1990	19.92%	07/16/1990	10/11/1990	02/11/1991	06.56%	8.10%	8.50%	5.40%
Avg 1990-2024	13.95%				09.84%	2.85%	4.24%	2.71%
Avg 1998-2024	15.62%				08.50%	2.17%	3.43%	2.54%

Chart 1: Source Bloomberg LP, OAM Research calculations.

Volatility is the new normal and it always has been

Volatility and the investment market go hand-in-hand. As an asset manager working with captives for over 30 years, I have made — and received — scores of calls urging and reminding captive owners and managers that heightened volatility in the short run is the price paid for potential long-term above-average rates of return on their portfolios. Those that have heeded the advice have, to date, benefitted greatly for staying the course.

John Stoltzfus, our chief strategist at Oppenheimer, makes the following observations:

"For all the drama that projected and actual changes in the direction of monetary policy, economic growth and fiscal policy can generate in the stock and bond markets ultimately all that matters to the markets is revenue and earnings growth and a level of sustainable economic growth at a pace that does not reach untoward levels of inflation nor raises unemployment to a level that induces economic recession."

Volatility, for all the nausea it can induce, is what actually creates opportunities for investment managers as well as business owners. Warren Buffet has himself echoed the point by noting that opportunities arise occasionally, because in the short run the stock market "acts like a voting machine", reflecting all kinds of irrational attitudes and expectations, while functioning in the long run more like a weighing machine, reflecting a firm's true value.

We can observe this in action by looking at Chart 1 overleaf.

There are a lot of numbers in this chart, but we can just focus on the colours. One can see that each year going back to 1990 (and beyond, for sure) that the market experienced a drawdown — a move from an intra-year high to some lower point. For the 35 years listed, the average drawdown was -13.95 per cent. As you move to the right on the chart, you can see lots of green — years where the market return for the full calendar year was positive.

In fact, of those 35 years, only 10 years ended in the red or flat, and 25 years the market had positive returns. So over 71 per cent of the time, it paid to be bullish, or at least patient.

Captive insurance companies generally have a long-term investment time horizon. As such, if they stayed the course, they were rewarded with an average rate of return over 35 years — including the years where the market ended up with losses — of +9.84 per cent per year.

Both John Stoltzfus and I can be frequently heard stating that in a captive portfolio — and with all investors — you need to know what you own and why you own it. If you do, you are less likely to panic-sell, and more likely to ride out the stormy seas of volatility and emerge into smoother sailing — and profits — in the future. ■

The S&P 500 Index is an unmanaged value-weighted index of 500 common stocks that is generally considered representative of the U.S. stock market. Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment, and does not reflect any of the costs associated with buying and selling individual securities or management fees.

Past performance is not indicative of future results. All investments involve risk. An investment in this strategy involves a significant degree of risk, including, without limitation, the risk of loss and/or volatile performance.

All opinions expressed are current as of the date of this letter and are subject to change. Forward Looking Statements: Any projections, forecasts and estimates (including, without limitation, any target rates of return) contained in this overview are necessarily speculative in nature and are based on certain assumptions. It can be expected that some or all of such assumptions will not materialize or will vary significantly from actual results. Accordingly, these projections are only an estimate. Actual results will differ and may vary substantially from the results shown.

The risks associated with investing in fixed income include risks related to interest rate movements as the price of these securities will decrease as interest rates rise (interest rate risk and reinvestment risk), the risk of credit quality deterioration which is an issuer will not be able to make principal and interest payments on time (credit or default risk), and liquidity risk (the risk of not being able to buy or sell investments quickly for a price that is close to the true underlying value of the asset).

This article was written by Jack Meskunas a Financial Advisor with Oppenheimer & Co. Inc. who can be reached at (203)975-2084 or jack.meskunas@opco.com. *This article is not and is under no circumstances to be construed as an offer to sell or buy any securities. The information set forth herein has been derived from sources believed to be reliable and does not purport to be a complete analysis of market segments discussed. Opinions expressed herein are subject to change without notice. Additional information is available upon request. Oppenheimer & Co. Inc., nor any of its employees or affiliates, does not provide legal or tax advice.*

Redefining the future of captives

XN Captive's Judah Max Dobrinsky shares his career journey from corporate finance to captive insurance

Could you share any insights or experiences you have had in the captive insurance industry?

My journey in captive insurance, and alternative risk more broadly, began even before my career transitioned into the insurance industry. Having started in corporate finance, my approach has always been guided by efficient capital structuring and maximising returns. When I moved into insurance, I quickly recognised that, at its core, insurance is fundamentally about structuring capital to manage risk and assessing the returns and trade-offs of retaining or financing that exposure. This perspective has shaped my practical approach to risk finance decisions and advisory.

What types of companies have you assisted in captive formation, and what specific risks were they aiming to protect against?

My initial experience in the sector was with a group of alternative risk operating assets. Our business had a risk retention group and several offshore captives and reinsurance vehicles, assuming both first-party risk and reinsuring various retentions across different programmes we structured for property and casualty (P&C) and accident and health (A&H) exposures.

Since entering the field, I have been involved in structuring a diverse range of captives and alternative risk solutions, covering traditional casualty programmes, increasingly popular property-focused structures, and non-traditional insurance products such as warranties. What has been particularly exciting is that these assets have not only spanned various classes and lines of business from an exposure perspective but have also varied across first-party risk, programme and MGA structuring, as well as reinsurance retentions. Each deal is truly unique in almost every way.

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

I believe my career beginnings have significantly shaped the way I assess risk and make decisions regarding financing, transferring, retaining, and capital allocation.

Equally important are the qualitative aspects my previous experiences have instilled in me — particularly soft skills. Being a good and responsive service provider and fiduciary is at the core of who I am, and I value this above any technical expertise.

Additionally, understanding what clients want and what they are comfortable with, while educating them on an increasingly complex product, is essential to being a trusted advisor.

These skills, I believe, add immense value and ultimately drive clients' business decisions.

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

The ever-evolving and interconnected nature of the industry is what truly keeps me engaged. I never anticipated working in the relatively niche field of insurance, let alone a niche within that niche (nor have I met many who did!), but I am sincerely grateful to have found my way into it.

I am constantly learning and see the vast opportunities that exist as various aspects of the industry come together to deliver the final product. For those willing to take the initiative to learn beyond their immediate area of expertise, there is significant potential for growth and development in this industry.

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

I am taking it one day at a time and keeping up with the pace.

I have no plans to leave the industry anytime soon, but where my career takes me in the long term is yet to be shaped.

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

It can be highly fulfilling, and those who make a continuous effort to learn and develop can be well rewarded. ■

"Captive structuring may not make headlines, but it can determine the success or failure of the captive opportunity for many mid-market businesses. Judah's strength lies in cutting through complexity with a blend of analytical precision and creative thinking, uncovering clear paths to practical captive solutions."

Gabriel Weiss, CEO, XN Captive

"In an evolving captive landscape, Judah has a remarkable ability to anticipate challenges. That is precisely what clients need — discerning and decisive guidance to stay ahead of the curve."

Sam Espinosa, chief marketing officer, XN Captive

Personal bio

As director of risk finance, Judah Max Dobrinsky leads structuring efforts for captives and programmes at XN Captive.

Before joining the company, he managed admitted and captive P&C insurance entities on behalf of a family office, overseeing operations for businesses collectively writing approximately US$100 million annually.

He directed all levels of operations, managed the group's captive facilities, and led the origination and execution of new speciality programmes, fronting arrangements, and expansion initiatives.

In addition, he co-founded and served as president of Magnet Insurance Agency, specialising in large-schedule real estate.

On the commercial brokerage side, he has designed programmes covering over US$3 billion in property total insurable value and hundreds of millions in primary and excess casualty limits.

Judah began his career in investment banking as part of Deutsche Bank's Global Industrials Group, advising on transactions totalling 10 figures across multiple sectors and financial products.

Judah Max Dobrinsky
Director of risk finance
XN Captive

Industry Appointments

Blackwell Captive Solutions appoints Lydon as Senior Vice President

Blackwell Captive Solutions has promoted Scott Lydon to senior vice president of national sales. In his new role, Lydon will lead nationwide sales efforts and oversee client management, addressing the growing demand for alternative risk management solutions.

Lydon joined Blackwell Captive Solutions in July 2024 as national vice president in sales. Previously, he worked as regional sales leader in the Northeast at Centivo.

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

The company says Lydon's comprehensive industry knowledge and business acumen make him well-equipped to support brokers and clients in navigating the evolving landscape of employer-sponsored healthcare solutions. ■

Marsh Captive Solutions names Serricchio as Regional Leader

Marsh Captive Solutions has promoted Michael Serricchio to regional leader for the US and Canada.

Based in Norwalk, Connecticut, Serricchio will report to Will Thomas-Ferrand, global leader at Marsh Captive Solutions.

Serricchio joined Marsh in 2005 as senior vice president for captive consulting and was promoted to managing director and Americas consulting leader at Marsh Captive Solutions in 2017.

He began his career as a captive tax consultant at Arthur Andersen & Co in 2001.

Commenting on the appointment, Thomas-Ferrand says: "For the past 20 years, Mike has been part of our consulting team, culminating with the role of Americas consulting leader for the past eight years. We're thrilled to have Mike at the helm as we continue to innovate and grow."

Barnard promoted at Blackwell Captive Solutions

Taylor Barnard has been promoted to the position of revenue operations manager at Blackwell Captive Solutions, a provider of group medical stop loss captive solutions based in Chicago, Illinois.

In his new role, Barnard will be responsible for optimising revenue processes, enhancing operational efficiency, and supporting strategic growth initiatives, as well as collaborating closely with the company's leadership to refine business optimisation strategies.

Prior to joining Blackwell, Barnard served as a research analyst at the Kansas Department of

Swiss Re appoints McDonald as Group Chief Underwriting Officer

Swiss Re has named Kera McDonald as group chief underwriting officer (CUO), effective from 1 June 2025.

McDonald, who joined Swiss Re in 2006, brings over 30 years of professional experience. She has served on the Corporate Solutions executive committee since July 2019 and has been CUO for this business unit since 2022.

In her new role, McDonald will oversee underwriting excellence across all business units, manage group capacity allocation, set mid-term underwriting goals, and approve significant or complex transactions.

Andreas Berger, group CEO at Swiss Re, states: "Underwriting is at the core of everything we do, and the re-establishment of this function underscores our commitment to enhancing technical excellence across all businesses.

"As the CUO for Corporate Solutions, Kera has been instrumental in improving costing accuracy and significantly enhancing portfolio management discipline and processes."

Concurrently, group chief risk officer Patrick Raaflaub will retire by the end of September 2025, concluding a 25-year tenure with the company. The process to identify his successor is currently underway. ■

Health and Environment, where he garnered expertise in data analysis, policy evaluation, and operational efficiency.

Speaking on the appointment, Scott Lydon, SVP, National Sales at Blackwell, says: "Taylor has been an invaluable member of our team.

"His leadership in streamlining processes and enhancing data-driven decision-making will be instrumental as we continue to scale and deliver best-in-class solutions to our clients."

Barnard adds: "As we continue to grow, I look forward to optimising our internal operations and contributing to the company's mission of providing innovative and cost-effective captive solutions for employers."

Price Forbes strengthens US reinsurance segment with senior hire

Price Forbes Re has appointed Sherman Power to the newly created role of executive vice president, Alternative Risk and Capital Solutions.

Power will be based in Dallas, Texas, and will report to Pat Rastiello, CEO of Price Forbes Re, North America. In his new role, he will work alongside the treaty reinsurance team to enhance the company's capacity in growth capital and reserve covers for emerging insurance markets.

With nearly 30 years of experience in (re)insurance, Power brings a strong background in both underwriting and broking. He joins from Aon Re, where he led the US structured solutions team and served as global head of innovation within Capital Advisory.

Previously, he led the Regional and Large Structured Solutions team for Swiss Re US and has held senior roles managing teams across multiple business classes.

Rastiello comments: "[Power]'s appointment is indicative of the high calibre team we are building, bringing a wealth of leadership experience and considerable analytical expertise.

"We have a number of exciting opportunities in the US market, and I very much look forward to working with him."

Power adds: "I'm excited at the opportunity to work with Pat and the reinsurance team to leverage their many talents in further building Price Forbes Re's US offering.

Quinn named as President of Ryan Specialty Underwriting Managers

Ryan Specialty Underwriting Managers (RSUM) has promoted Eric Quinn to president, a role previously held by CEO Miles Wuller, who will now focus exclusively on his CEO responsibilities.

Quinn joined RSUM through the acquisition of All Risks in 2020 and has advanced through various leadership roles, previously serving as senior vice president.

He started his career in delegated authority underwriting at All Risks in 2008.

Wuller comments: "Eric brings a rare combination of underwriting, distribution, product and capital management that drive RSUM's differentiated results.

"I am pleased to see him assume the president role in acknowledgement of his exceptional stewardship and execution of RSUM's mission. Having Eric as president will enable us to further deliver on the global delegated underwriting opportunity in front of us today."

Quinn remarks: "Having joined Ryan Specialty Underwriting Managers through the All Risks acquisition, I can attest to the unique and special platform that the exceptional leadership team have built.

"I am consistently impressed with the talent and skill we employ, as well as the incredibly high level of thoughtful execution. I am honored to assist Miles and our team carry the standard forward." ■

Aon names Richards as Asia Pacific CEO

Aon has appointed Jennifer Richards as CEO of Asia Pacific region, effective from 1 March.

Richards succeeds Anne Corona, who was recently named CEO of enterprise clients and global chief commercial officer.

In her new role, Richards will collaborate with the Asia Pacific executive committee to enhance the firm's regional capabilities, create distinctive client value, drive growth, and execute the company's '3x3 Plan'.

She will report to Lori Goltermann, CEO of Regions, join Aon's executive committee, and relocate from Australia to Singapore in the coming months.

Richards, who joined Aon in Australia 13 years ago, has supported clients in addressing risk and people challenges. Most recently, she served as head of Australia, fostering key client relationships and implementing the 3x3 Plan to accelerate growth across all solution lines.

Before joining Aon, Richards held senior management roles at AIG in North America and practiced corporate and securities law at Sidley Austin in New York. ■