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The primary source of global captive insurance news and analysis

Medical stop-loss in captives on the rise, finds QBE North America

Companies that self-fund their employee health insurance plans are increasingly using medical stop-loss captives, according to a whitepaper by QBE North America.

QBE North America's whitepaper, Medical Stop Loss Captives: Issues and Answers, concluded that a key advantage for large companies with their own captives is the ability to provide stop-loss coverage as reinsurance rather than insurance.

One reason given for the increase was that large companies that do not need to pair medical stop-loss with their self-funded plans are now finding that the coverage is necessary due to rising healthcare costs, caused largely by mandates in the Affordable Care Act (ACA), such as the removal of lifetime limits.

Another possible reason for the increase is that large companies, which already have a self-funded plan and medical stop-loss coverage, are now looking for more efficient methods to finance coverage.

There has also been an increasing number of small- and medium-sized companies converting to self-funded plans to manage costs of complying with the ACA. To do this, they need medical stop-loss coverage, and insurers are developing new group captive structures in response.

According to QBE North America's whitepaper, a captive's participation in an excess coverage that supports a self-funded plan will increase the benefits derived from self-funding alone.

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Successful two years for North Carolina

The North Carolina captive insurance company programme continues to have a positive economic impact on the state following its second full year of operation, with a notable increase in tax revenues.

A study conducted by the North Carolina Department of Insurance found that the economic benefits of the programme increased to $15.3 million in 2015 from $12.8 million the previous year.

The revenue came from premium taxes paid by captive insurers licensed in the state and from service provider and hospitality revenues generated by North Carolina businesses that provide services to the industry. The programme has also created approximately 50 jobs in North Carolina.

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Alabama's Captive Act changes pass key hurdle

The Alabama Senate committee on banking and finance has signed off an update to the Alabama Captive Act.

The bill recently passed in the Alabama House of Representatives by a vote of 96 to none. It now awaits passage by the full Senate and the signature of the governor.

The legislative update is expected to make Alabama more competitive in the formation of captive insurance companies.

Proposed changes include modernising the language and capital requirements for protected cell captives, allowing captives to form as series limited liability companies and mutuals, and introducing a 60-day provisional licence.

Medical stop-loss in captives on the rise, finds QBE NA

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A captive can also efficiently absorb some of the risks often excluded by traditional medical stop-loss policies, such as individuals with ongoing medical conditions.

Phillip Giles, vice president of sales and marketing for QBE North America's accident and health business, commented: "We've seen interest for these types of plans double over the last few years."

"There is a great opportunity for large companies that already have a captive established for their casualty lines to add medical stop loss as a way to augment the utility of the existing captive and provide a short-tail profitability hedge to longer tail coverages."

North Carolina's successful two years

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Insurance commissioner Wayne Goodwin commented: "I fully expect 2016 to be another successful year of operation for the captive insurance company programme in North Carolina."

"The Department of Insurance continues to receive applications for new captive insurers, as well as from companies that want to re-domicile a captive insurer here."

There are 336 captives currently operating in North Carolina.

Of these, 96 are captive insurers and 240 are cell or series entities.

North Carolina's captives generated premium revenues of approximately $700 million during 2015, a substantial increase over the $125 million generated in 2014.

Reinsurers' strong 2015 covers weak conditions

Reinsurance pricing has continued to soften following a strong 2015 for catastrophe losses, according to a report published by Standard & Poor's (S&P) Ratings Services.

The report revealed that a strong year reported by the global reinsurance industry in 2015 was largely due to the low level of catastrophe losses and high level of reserve releases.

According to S&P, if these two factors are taken away, the adjusted results support the claim that business conditions for the sector remain weak.

In a survey carried out by S&P in Q1 2016, reinsurers indicated that reinsurance pricing across lines and regions has continued its downward trend into 2016, although the decline was less severe than expected.

According to reinsurers, ongoing rate deterioration affects both top- and bottom-line results, but other factors also reinforce the weak credit conditions for global reinsurance in 2016.

The ratings service suggested that the industry continues to benefit from strong capital adequacy.

It explained: "We are maintaining our stable ratings outlook on the global reinsurance sector, based on the industry's strong enterprise risk management and near-record levels of capital entering 2016."

R&Q acquires Rank Insurance in Guernsey

Randall & Quilter (R&Q) II Holdings has acquired a Guernsey captive in run-off.

Regulatory approval for the acquisition of Rank Insurance has been granted and the captive will merge with Capstan Insurance Company, R&Q's consolidation vehicle in Guernsey, subject to necessary consents.

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

"This is one of a number of current transactions we have been assessing and we remain excited about our legacy acquisition pipeline."

Bermuda Monetary Authority to implement e-filing for 2017

The Bermuda Monetary Authority (BMA) plans to implement mandatory electronic statutory financial returns (E-SFR) for its captives and special purpose insurers (SPIs) from 2017.

The next 12 months will see the launch of the E-SFR system for captives and SPIs, as well as a review of the supervisory regime for insurance intermediaries and managers, according to the BMA's business plan for 2016.

From 31 December 2016, it will become mandatory for Class 1,2,3, A and B captives and SPIs to adopt the system, so that they can provide detailed filings electronically.

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The BMA envisions the project being in full swing by Q2 2017.

Jeremy Cox, CEO of the BMA, said: “In 2016, the authority will continue to spearhead projects of national economic significance, not the least of which is the further development of a financial stability policy initiative for Bermuda.”

Artex continues to expand ILS capabilities

Artex Risk Solutions has acquireed Guernsey-domiciled Hexagon Insurance PCC and its subsidiaries.

Hexagon, part of Robus Group, provides protected cell company (PCC) facilities to the insurance-linked securities (ILS) industry. The deal also includes the company’s subsidiaries Axe Insurance PCC, Septagon Insurance and Hexagon ICC.

Artex also recently bought Kane’s captive management and ILS administration business for an undisclosed sum.

Nick Heys, CEO of Artex’s International operations, said: “Hexagon’s expertise and legacy of innovation is well-known in the alternative capital segment of our industry.”

“This merger, in addition to the recently announced acquisition of Kane’s ILS and structured transaction administration services, positions us as a leading player in this field.”

He added: “We are excited to welcome Justin Wallen and Ben Dunning to the Artex family.”

Georgia’s law amendments to increase business

Upcoming changes to Georgia’s insurance laws should increase interest in forming captives in the state, according to River Oak Risk.

The amendments, put forward under Senate Bill 347, passed the Georgia Senate on 26 February and have been sent to the Georgia House insurance committee for review.

The bill includes extensive changes to the state’s captive insurance provisions.

Revisions include adding a new definition for agency captive, expanding the definition of a risk retention group captive, and allowing accident and sickness insurance to be written by a pure captive insurance company.

Other proposed changes include permitting companies that do not maintain their place of business in Georgia to be licensed under the state’s laws.

Kim Bunting, COO at River Oak Risk, a captive risk management specialist, said: “The current changes should increase interest of businesses based in Georgia and outside of Georgia in forming (and redomesticating as appropriate) captives under Georgia law as the law continues to be modified to meet the needs of businesses and their owners.”

UK regulators approve Flood Re

The Prudential Authority and Financial Conduct Authority have formally authorised Flood Re, effective from 1 April.

The £2.1 billion multi-year reinsurance programme is designed to help provide better access to affordable flood insurance cover. It went live on 4 April.

The three-year reinsurance programme is one of the five largest natural peril reinsurance deals struck globally and the second biggest in Europe, according to Flood Re.

Flood Re expects up to 350,000 households to benefit from the scheme.

Brendan McCafferty, CEO of Flood Re, said: “I am delighted that we now have authorisation from the regulators. The Flood Re team is continuing to work hard with insurers ahead of launch.”

A list of insurers using the scheme is now available on the Flood Re website.

The programme is a first in the UK for reinsurance cover under European Public Procurement regulations. It was conducted with the assistance of reinsurance broker Guy Carpenter.

Captive bill in final stages, says VCIA

The Vermont General Assembly is going through the final stages of passing the state’s latest captive bill, according to the Vermont Captive Insurance Association (VCIA).

The captive bill, H-538, will allow sponsored and association captives to file reports on a fiscal year-end. Currently, many sponsored captives are only open to affiliates, while association captives are limited to members of the association. In these cases, it is appropriate to allow the captive’s year to match the owner or insured’s.

The bill will also allow sponsored and industrial insured captives to enter dormant status, meaning they can waive premium taxes but stay in Vermont, ready to be reactivated.

Protected cells, meanwhile, will be allowed free movement if the bill passes, allowing them to move to a different sponsored captive or be converted into an incorporate cell or separate captive.

Finally, some minor adjustments will be made to risk retention group governance standards, which passed in the last bill, to clarify the rules for easier implementation.

USA Risk Group Malta buys Island Insurance

USA Risk Group Malta has finalised its acquisition of Island Insurance Management for an undisclosed sum.

Island Insurance Management serves captives, insurers and reinsurers interested in operating in Malta.

A USA Risk Malta spokesperson said the captive manager is delighted at the acquisition, and added that the business will continue as normal.

USA Risk has also launched the first securitisation cell company (SCC) in Malta to be set up as a reinsurance special purpose vehicle.

Exchange Re, which will be managed by USA Risk’s Malta office, will operate as an open architecture system allowing third-party insurance managers to manage their own cells for clients within the SCC, which allows for the launch of multiple securitisation transactions without incurring any risk of cross-contamination between the different sets of creditors and investors.

Singapore cyber is on the up

The cyber insurance market in Singapore could grow by 50 percent in 2016, according to AIG Asia Pacific Insurance.

AIG revealed in a new report that as Singapore comes into contact with new interconnected technologies and increased automation, there is likely to be a rise in threats of cyber attacks and sabotage for all companies.

AIG Singapore’s head of financial lines, Lai Yen Yen, said: “While cyber attacks grow in size, volume and sophistication, defensive methods and technologies have not seen a corresponding evolution, potentially costing businesses millions in the event of a cyber breach.”

The report found that two-thirds of surveyed public companies in Asia acknowledge that cyber insurance is increasingly important in the future, although only 9 percent of those companies were covered by some form of cyber insurance.

Yen said: "Over the past three years, AIG Singapore has seen a seven-fold increase in inquiries about cyber insurance policies. We predict this strong demand from Singapore companies will continue over the next five years. Based on what we have observed, less than 10 percent of Singapore companies hold such insurance, but we forecast that the number of companies taking up cyber insurance will accelerate to 40 percent by 2020."

According to the report, AIG Singapore expects strong demand for cyber insurance to continue from finance and technology companies, and new demand to emerge from healthcare companies.

AIG also predicts that cyber risks in 2016 will range from both internal and external factors, including lack of data encryption, increased use of malware and outsourcing to third-party providers.

"Not only do data leaks result in financial losses including compensation pay-outs and regulatory investigation, but reputational damage and loss of consumer confidence can also have a long-term impact on a company's bottom line."

Marsh expands employee benefits expertise

Marsh & McLennan Agency (MMA) has acquired Corporate Consulting Services (CCS), an insurance brokerage and human resources consulting firm. The terms of the transaction were not disclosed.

Corporate Consulting Services specialises in providing employee benefits, retirement planning and human resource consulting services to a range of clients in the non-profit and for-profit sectors across the Northeastern US.

As part of the acquisition, 20 employees from CCS will join Marsh's Northeast region business. CCS will continue to operate from its New York office under the leadership of its president and CEO, Grant Dougherty.

CCS will immediately begin operating under the Marsh & McLennan Agency name.

Anthony Gruppo, CEO of MMA's Northeast region business, said: "We are delighted to welcome CCS's talented and experienced leaders and colleagues to MMA. With the addition of CCS, we further enhance our employee benefits platform and design to better serve the needs of our clients in the Northeast region."

Dougherty said: "As the healthcare and human resource landscape continues to evolve, joining forces with MMA provides our clients with access to even greater depth and breadth of expertise and a wider array of services and solutions."

Aon launches global reinsurer trading platform

Aon Benfield has launched ABConnect Placements, a new global reinsurer trading platform to enhance placements with real-time data that went live on 11 April.

ABConnect Placements, which will be in place for July renewals, will provide a more integrated, streamlined and documented process for reinsurance transactions.

According to Aon Benfield, the goal is to better serve clients with real-time data and metrics through collaboration between its brokers and reinsurers.

The new product allows reinsurance underwriters to benefit from one portal to access placements, track progress and manage opportunities across Aon Benfield.

Underwriters will now be able to securely download underwriting submission packages, other key documents and data files; enter quotes with terms and conditions updated in real time; and view firm order terms and enter authorised lines.

Michael Moran, COO of Aon Benfield, commented: "Collaborating with our reinsurer partners through this next generation platform will result in more real time information to share with clients and enable them to make more informed placement decisions."

"We conducted a global pilot with reinsurers during the 1 January renewal that has helped to shape the process and create a streamlined and efficient trading platform."

China National Petroleum captive rated

Moody's has issued CNPC Captive Insurance Company with an "A1" insurance financial strength rating.

The outlook on the rating is negative, in line with the outlook of the captive's parent, China National Petroleum Corporation (CNPC).

The CNPC Captive Insurance Company rating reflects the confirmation of the "Aa3" issuer rating of its parent on 30 March 2016.

Moody's expects CNPC's credit metric to stay within tolerance levels for its baseline credit assessment of "a1", despite its assumption of weak oil prices.

The new rating takes into consideration the likelihood of high-level support from the Chinese government if required, according to Moody's.

CNPC Captive Insurance Company is a sole captive insurance subsidiary of CNPC, which insures only internal group risk, meaning the insurer's credit profile is highly correlated with the issuer rating of its parent.

In addition, CNPC Captive Insurance's "A1" insurance financial strength rating reflects its solid levels of capital and its very liquid investment portfolio.

CNPC Captive Insurance's rating is also supported by the close alignment of risk management and the expected financial support provided by its parent when needed.

Moody's believes the parent will continue to provide both operational and financial resources.

According to the rating agency, the outlook would likely return back to stable if the outlook of CNPC goes the same way.

Storms cause $3.5 billion loss to US economy

Overall economic losses sustained to property, infrastructure and agriculture across the US from convective storm and flood damage are anticipated to approach $3.5 billion, according to Aon Benfield's Impact Forecasting Global Catastrophe Recap report.

The report also revealed that insured losses incurred by public and private insurance entities are being estimated at $2 billion.

The losses were caused by seven US convective storm events, with more than 1,000 individual reports of tornadoes, damaging straight-line winds and hail recorded by the Storm Prediction Center.

In March, the United Arab Emirates (UAE) and Oman were hit with the most damaging severe thunderstorm and flood event in over 10 years. UAE local insurers anticipated claims to reach $140 million, with total economic losses forecast to be hitting hundreds of millions.

Adam Podlaha, head of Impact Forecasting, said: "The March heavy rain and flood event in the Middle East is a reminder of the risks that these types of perils can bring to areas with an arid climate."

"Impact Forecasting has been successful in recent years in developing modelled solutions for non-traditional perils, including perils like flood in the Persian Gulf region."

"With increasing exposures in emerging parts of the world, it becomes even more important to expand catastrophe model capabilities into these new territories."

"Impact Forecasting remains at the forefront of this forward thinking."

America Movil reinsurance captive revised down

Moody's has affirmed the global local currency insurance financial strength rating of Rivoli Reinsurance Company at "A2" but has revised its outlook down to negative.

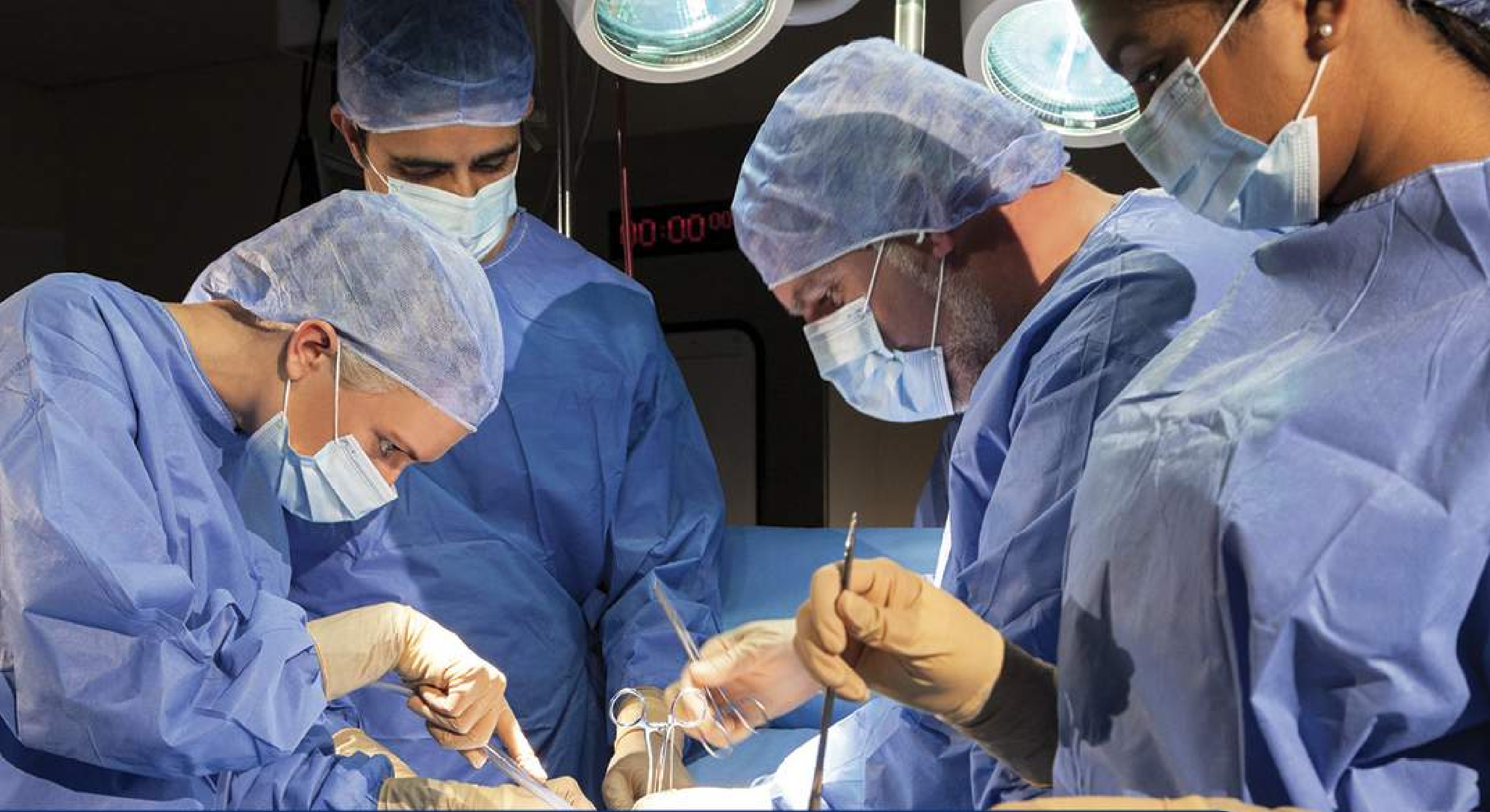
The change in rating follows Moody's revision of America Movil's ratings.

The telecoms operator, which has a strong Latin American presence, is the parent of reinsurance captive Rivoli Re.

According to Moody's, there is a close alignment between the credit profiles of Rivoli Re and American Movil.

The credit alignment is reflected in the captive's status, as well as through its integration with the risk management functions of America Movil.

An upgrade of Rivoli Re's ratings is unlikely in the near term, but a restoration of America Movil's outlook to stable could also lead to a stable outlook for the reinsurance captive.



Airmic 2016: the principles of risk

Captive professionals can expect much from Airmic 2016

Airmic's new leadership advisory board met in London at the end of March to discuss the association's future, ahead of the annual conference in June.

Above all else, the advisory board wants Airmic to "drive forward the principles of risk", particularly in the corporate board room and government, as the likes of cyber attacks gather momentum and increase in severity.

Taking these ideas on board, the 2016 Airmic Conference in Harrogate, North Yorkshire, will feature a comprehensive programme of workshops and seminars on the most topical subjects dominating discussion in insurance today.

Captive professionals in attendance will have to decide between two workshops on 6 June, with both taking place at 4pm. JLT Specialty will host a presentation on the evolving terrorism threat, in a bid to help attendees understand the risks and how they can affect their businesses. JLT Specialty will also discuss how to most effectively understand the effects of a range of scenarios, and outline best-practice approaches to risk management and insurance of terrorism risk.

At the same time, Mactavish experts will discuss the steps required to adapt to the new duty of fair presentation in the UK, which was reformed by the Insurance Act last year. They will consider the first renewal under the new regime, the process requirements of the new duty, and its impact on captives and reinsurance.

Ernst & Young will turn to the effects of the base erosion and profit shifting initiative and changes to the diverted profit tax in the UK on 7 June at 12pm. These changes have forced a harsh spotlight on captives, especially those where tax planning has been a prominent part of their agenda. Tax, transaction and operational specialists from Ernst & Young will consider the ramifications of these changes, and whether there are any possible remedies.

Finally, captive professionals might be interested in Assicurazioni Generali's presentation on 7 June at 3pm, which will examine the risks inherent in drones. Its experts will examine a range of subjects around coverage, claims and regulatory developments, giving suggestions as to potential problems and highlighting the questions that a risk manager needs to ask of a business.

Airmic is expecting a packed conference centre in Harrogate in June. "The programme committee have tried to put together an exceptional event, and I think they have succeeded. However, the number and quality of delegates are a vital part of the mix—and it looks as though this year is going to be better than ever," commented chief executive John Hurrell in March. CIT

The more things change

Attendees of RiskMinds 2016 in Amsterdam heard why nothing ever stays the same in risk management and insurance—disruption is, and always has been, the name of the game

Disruption is the bread and butter of any risk management professional. As risks evolve and new challenges emerge, they must be ready and willing to adapt, lest they want to be left behind, heard attendees of RiskMinds 2016 in Amsterdam.

A survey by McKinsey & Company, the results of which were revealed at RiskMinds, suggested that both external and internal pressures are accelerating the development of risk management capabilities across the global insurance sector.

The survey results addressed the driving forces behind an increasingly complex environment, evolution of risk management tools and practices, and increasing debate around systemic risk.

The survey, which ran between July and October 2015, showed that interest rates and market volatility are considered the most impactful factors and that the industry has increasing concerns over biometric risk and changes in customer preferences.

Participants also noted that the insurance industry is less "systematic" than banking, with national catastrophic risk and a potential loss of confidence in the industry emerging as the main sources of concern. Regulatory frameworks are also considered to be effective in preserving financial stability, according to the survey, while there is question over whether there is need for additional regulation.

Nine out of 10 participants felt there is a need for improvement in their risk capabilities and a need for more improvements by smaller players.

Risk transparency and insights were key improvement areas for all participants, while risk culture was found to be particularly crucial for smaller players. Participants also said there is still room for improvement when it comes to risk appetite, organisation and governance.

Luca Pancaldi, partner at McKinsey & Company, suggested that the company's experience with successful enterprise risk management transformations share common traits.

He said that the chief risk officer needs to take the driver's seat and step up to a true leadership role. He also suggested that the board and top management need to commit to steering the programme in the right direction.

An integrated perspective, with consistency across core enterprise risk management elements, is even more important than achieving excellence in a specific area, Pancaldi said. There also needs to be an emphasis on communication and a good connection between the boardroom and the "machine room".

In another session at RiskMinds, Eva Dewor, managing director of Europe, America and Latin America for Accenture Finance and Risk Services, highlighted the new trends hitting the insurance market. Dewor revealed that trends included an extended ecosystem, a culture of sharing, more mobility, new market opportunities and customer experience.

She explained that while most insurers focus their efforts on differentiation and customer experiences, new players, including the likes of IKEA, Apple, Uber and Metromile, are changing the game.

She revealed that 76 percent of insurers believe a more fluid workforce will improve innovation. Another statistic showed that 75 percent of insurers expect a major transformation of the insurance value chain in the next five years.

In addition, Dower noted that 72 percent of insurers are planning to form new distribution partnerships in the near future, or have already done so, while 44 percent of insurers consider connected devices to be a driver of revenue growth.

> “The chief risk officer needs to take the driver’s seat and step up to a true leadership role, and the board and top management need to commit to steering the programme in the right direction”

It was also revealed that 63 percent of insurers are prioritising the use of data for needs-based selling. Dower suggested that by 2020, over 50 million US drivers will have tried usage-based insurance.

Dower went on to explain that cyber crime is a big business, and that technology companies are targeted for their data while financial companies are targeted for their monetary benefits.

She said: “Cyber risk can manifest itself across several dimensions, making it difficult to detect, measure and control.”

Dower concluded by suggesting five key priorities to help manage cyber risks effectively: training and risk culture; more controls; management with a purpose; an operating model; and resilience.

With the insurance market ever-changing and companies expecting digital technology to significantly transform their businesses within the next few years, Martin Pluschke suggested that the insurance industry buzzword for 2016 and beyond will be ‘insurtech’.

Pluschke, executive in residence for ERGO at Startupbootcamp InsurTech, described digitalisation as only the tip of the iceberg. He noted that insurance industry conditions have changed and that more change is happening right now.

The growth potential of the future is based on digital business models. He suggested that when companies are producing a digital product, they have to ensure they are doing the right thing, the right way.

He added that the old way of thinking is of little use when it comes to digitalisation, arguing that the industry will have to think differently and be creative, which will give participants the mindset and attitude needed to produce a digital product.

Pluschke explained that if the industry ignores new companies and start-ups, then it is ignoring the big potential they offer. He noted that the permanent search for the next big thing is what makes these start-ups interesting.

According to Pluschke, two words that are killing innovation are ‘prove it’. He suggested that the insurance industry has a lot to learn. He explained: “We need to make decisions carefully. The biggest risk at the moment is taking no risk because it is the core ability of the business insurance company.”

He added: “The best advice I can give is, when you find a start-up, and you’re really convinced about it, place it in strategic share.”

“You are allowed to look in their books to help make a decision. Do not integrate the start-up with your company business admin. It will ruin it. Let the start up have control.”

Pluschke went on to say that it’s not all about the technology. People, he said, are important, too. “We need people who are not limited in their thinking,” he said. However, he added: “On the other side, the company has to ask themselves how they can handle trouble makers and how much they can endure. It’s not about technique and processes, it’s about making the company attractive to these people.”

The industry is still in the learning stage of the technology curve, Pluschke concluded. He suggested that the first step to digitalisation is change, but that this will be a long process that could take five to seven years.

Another panel suggested that as an industry, insurance has too much data. Panellists Fabrice Brossart, chief risk officer for AIG EMEA, Jason Brown, group chief risk officer for QBE Insurance Group and Andrew Pryde, chief risk officer at Beazley, discussed whether too much data could be affecting the idea of risk pooling.

One panellist said the industry needs to consolidate and bring data together for the industry to be able to gain a better understanding.

The speakers also suggested that a company should know its terrain, look at its risks and analyse its data.

When asked about the most dangerous risk to a business, the panellists agreed that business disruption was top. One added that the industry needs to be more innovative and interact with its customers more.

The panel participants explained that disruptors could be the thing that changes risk and the nature of the risk, using the example of Google driverless cars.

Companies look externally for the disruptors, according to the speakers, however, they noted that these disruptors could come from within the business, and that internal disruptors could include a change in the organisation.

Technology and cyber, current hot topics in the industry, were also mentioned during the session.

Panellists suggested that a cyber breach is going to disrupt every company at some point—it is just a case of when. **CIT**

Smart is where the captive is

Captives offer financial flexibility while serving as a nexus to springboard discussions and actions, according to John Thomson of HAI Group

What are some of the most pressing financial challenges facing your members?

Essentially, housing entities, including public housing authorities (PHAs), are charged with facilitating effective and efficient housing in their communities for those individuals and families who cannot do so independently. They are faced with a shrinking pool of resources during a time when they are also experiencing a significant surge in demand for their services. These housing entities have been 'doing more with less' for years and the sustainability of this approach has simply run out.

Federal funding has been dwindling for over a decade, so many PHAs haven't been able to rehabilitate their buildings as needed or to develop new housing units or options to meet the growing housing demand in their communities. Many housing entities have a portfolio of aging properties, which desperately need to be upgraded. Currently, the US public housing stock has an estimated $25 billion backlog in maintenance and capital improvements with additional capital needs accruing each year. Even though US Congress has been opening up new paths for PHAs to leverage private capital to help redevelop their properties, financing redevelopment is complex and many housing entities do not have the expertise or resources to make these deals work.

Many properties cannot be improved to achieve sustainability without the addition of significant resources. There are about 10,000 public housing units lost each year to disrepair during a time when low-income families desperately need access to affordable housing.

Additionally, funding for operations has stagnated while housing entities are being asked to comply with more regulations and face pressure to 'graduate' residents from housing assistance programmes in order to serve more of the many families in need of affordable housing. Many residents cannot afford market-rate rents on their own without additional supports (such as childcare) and labour market investments (such as a GED, college degree, or technical certification).

At the same time, PHAs have been serving more disabled and aging residents, who may need special ongoing supports as they age. Housing entities are frequently tasked with providing these additional services and in many cases are not provided adequate resources to do so.

How does HAI Group help members with these challenges?

HAI Group is ultimately in the business of helping housing entities build sustainable communities. We are committed to meeting their continuum of needs, helping them do more with less, and be more effective community facilitators. We assist them in asset protection through our insurance solutions, organisational efficiency through our software solution, capitalisation and development through our financial products, human capital enrichment through our learning solutions, and in strengthening their political position through our research and advocacy solutions, as well as our national awareness campaign.

Our solutions were each created with the knowledge that housing entities are mission-driven organisations that are short on time, highly regulated, and face severe funding challenges. HAI Group's solutions are designed to help our members protect and leverage their resources and to inject additional value into their businesses. For example, our solutions provide risk analysis, education and training to our members. Our software solutions provide support for the efficient and effective operational support to housing entities. Our financial capital solutions include additional consulting services.

We are currently expanding our view to include the issues and needs faced by the residents of facilitated housing communities, who are the 'customers' of our members.

How did HAI Group start out in captive insurance?

HAI Group's story speaks to our members' capacity for innovation. Three decades ago, public housing agencies were priced out of the insurance market because the mainstream market felt they were high risk. For many, insurance was not available. To obtain affordable insurance, they decided to band together and self-insure—what I would characterise as 'mutual aid' insurance structure.

After investigating the process, they felt that forming a captive would be the best solution. Federal legislation enacted at that time provided the housing industry with the ability to form a risk retention group utilising a captive insurance platform. The captive entity provided financial benefits as well as the benefit of self-governance.

What advice would you give to others seeking an insurance solution?

HAI Group's story demonstrates that insurance solutions provided by a risk and insurance entity, tailored to a niche community who are its owners, can be incredibly successful. What is more, the entity can serve as a catalyst to develop additional products and services for members in new areas and even impact how the public views the industry at large. We know our members and are able to meet their insurance needs based on their input and direction. Now we've been able to move beyond insurance needs and offer additional member-driven solutions to the industry.

The captive solution offers the financial flexibility needed to meet insurance needs in a cost-effective way. In addition, the captive governance model can bring industry decision-makers together and serves as a nexus to springboard discussions and actions about other industry needs. CIT

John Thomson, President and CEO
HAI Group

Industry Events

Western Region Captive Conference

09-11 May 2016
Arizona
www.westerncaptiveconference.org

The conference is the perfect opportunity to learn from regulators from across the Western US, experts from all segments of the captive industry, and owners and managers of captives and RRGs. The conference caters to those who are both new and old to the captive industry, detailing what works and what is important to the industry.

Airmic 2016 Conference

06-08 June 2016
Harrogate
www.airmicconference2016.com

The Airmic Conference has become the most important event in the calendar for the insurance and risk management industry. The whole industry comes together to share experiences and influence forward thinking.

People moves

Comings and goings at the VDFR, Atlas, Pool Re, Sciemus and more

Susan Donegan, commissioner of the Vermont Department of Financial Regulation, will soon step down from her position, it has been confirmed.

Donegan will continue in her role until 30 June. Her departure is likely linked to governor Peter Shumlin not seeking a fourth term.

A permanent replacement for Donegan has not yet been lined up, but the appointment of an acting commissioner is likely in the interim.

Donegan, an attorney who has broad knowledge of financial services regulation, has served as commissioner since 2013.

Atlas Insurance Management has revealed that **Nick Leighton** will retire on 31 May.

Leighton, who joined Atlas in 2006, manages the firm's Cayman Islands office where he is responsible for overall operations, including client relations, business development and regulatory compliance.

Martin Eveleigh, chairman of Atlas Insurance Management, said: "We are incredibly thankful for Leighton's many years of dedication and leadership of our Atlas family in the Cayman Islands."

Leighton added: "I'm proud to have been a part of the Atlas team for 10 years. I'm not only looking forward to starting the next phase of my life, but I'm also excited to see Atlas continue to grow and thrive."

UK government terrorism backstop Pool Re has appointed **Geoff Riddell** as non-executive chairman.

Riddell succeeds **Tony Latham**, who plans to retire from the position after more than 12 years of service as chairman and 20 years on the board. Latham will retire after this year's annual general meeting on 28 June.

Riddell brings more than 30 years of experience in international insurance markets to his new role. He was previously appointed to the board of Pool Re as director in August 2015.

Latham said: "After 12 years as chairman, I am very pleased to leave Pool Re in a position of strength, where the proposition has adapted to meet an evolved terrorist threat and where the business is extremely well placed to ensure the resilience of the UK economy and the commercial concerns operating there."

Riddell added: "My job is to ensure that Pool Re continues to represent the leading example for terrorism reinsurance, able to broaden and adapt its proposition in the face of a rapidly shifting risk landscape."

Kenneth Kotch, principal and captive insurance practice leader of Ryan, a tax services firm, has accepted a board nomination to become a charter member of the Puerto Rico Captive Insurance Association.

Kotch, one of the five chartered members selected, will serve as the only "non-on-island" representative on the board.

"We are honoured to have Kotch serve on the board of the Puerto Rico Captive Insurance Association to support our ability to deliver greater client value and results," said Brint Ryan, chairman and CEO of Ryan.

"Ryan's position in the market will be strengthened through unprecedented access to the development and implementation of shared policy planning with Puerto Rico's Department of Insurance and the legislative branch of [Puerto Rico]."

Data analytics company Sciemus has named **Rick Welsh** as its new CEO.

He will replace Andre Finn, who left the company in January.

Previously, Welsh served as head of the cyber unit at Sciemus. Before that, he worked at AEGIS, where he was global head of cyber.

Sciemus has also named a new board of directors, including: **Jeremy Attard-Manché**, managing partner of Noster Capital; **Russell Duckworth**, managing partner of Hawkwood Capital; **Paul Tillett**, commercial director at Sciemus; and **Peter Niland**, operations director at Sciemus.

According to Sciemus, the new appointments are part of a strategic change to use its modelling capabilities more effectively to create additional revenue and refine its business model to meet changing market conditions.

In addition, the company is also developing a schema for underwriting and modelling cyber risk, as well as monitoring aggregate cyber exposure across all classes of insurance and reinsurance.

Welsh said: "Our analytics and computing professionals are using expertise, heritage and new technology to generate even more powerful data on complex and evolving risks."

He added: "2016 will be one of the most exciting and transformative years in the history of Sciemus. We believe that our modelling and expertise will result in data being used to predictively model emerging and complex risk that will transform how markets underwrite, transfer and securitise risk."

"We are building what we believe will be the next generation modelling and specialty insurance firm."

River Oak Risk has appointed **Paula Mott** as managing director.

Mott has experience in wealth management and risk management. She has also served in the property and casualty insurance industry, working with high net-worth individuals.

Doug MacGinnitie, CEO of River Oak Risk, said: “Mott has significant experience in the insurance and financial services industries and will be a great asset to River Oak Risk.”

“We are expanding our captive management services and solutions in the Southwest, particularly Texas, and Mott will be an integral part to our expansion.”

Mott added: “I decided to join River Oak Risk because I strongly believe that captives are the most dynamic solution available to clients that wish to address their risk management and asset protection needs.”

“I believe that River Oak Risk places the needs of the client first and provides the most conservative and comprehensive approach to captive management on the market, ensuring that trusted advisors and their clients are offered the highest quality service and product available.”

Tokio Millennium Re (TMR) has appointed **Andreas Kull** to the role of chief risk officer and as a member of its executive committee.

He will succeed **Akira Higuma**, current chief risk officer, who after five years at TMR will return to Japan as the group leader of global risk management.

Kull has previous experience in risk management and actuarial roles. Before joining TMR, he served as chief risk officer at AXA Winterthur.

Stephan Ruoff, CEO of TMR, said: “We are very pleased to have Kull take on the role of chief risk officer at TMR. [He] will be instrumental in bringing this core function to the next level addressing the increasing complexity and interdependency of reinsurance and insurance risks.”

PartnerRe has named **Mario Bonaccorso** as its new CFO.

Bonaccorso will replace **Bill Babcock**, who is leaving the company to pursue other opportunities.

Previously, Bonaccorso served as managing director at EXOR. In his new role, he will assume responsibility for all of PartnerRe’s financial operations and investments, reporting to its president and CEO, Emmanuel Clarke.

Bonaccorso will join the company’s executive management team and will be based in the Bermuda office.

Clarke said: “I would like to welcome Bonaccorso to PartnerRe. His financial acumen and broad experience in managing EXOR’s portfolio of companies will be extremely valuable.”

Alliant Healthcare Solutions, the healthcare practice of Alliant Insurance Services, has named **Robert Schuhriemen** as senior vice president.

In his new role, he will provide multifaceted risk solutions to a diverse portfolio of healthcare clients throughout the US.

Schuhriemen’s experience includes the design and implementation of healthcare captive insurance companies, deployment of IT solutions to better underwrite and manage physician insurance risks, and delivery of innovative new programme structures and service lines.

Todd Hagemeier, executive vice president and managing director at Alliant Healthcare Solutions, commented: “Schuhriemen’s diverse experience and sound technical acumen will play an integral role in protecting our clients from risks both today and tomorrow.” **CIT**

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