



ERC PIONEERS

Captive Review has published the second Enterprise Risk Captive (ERC) Pioneers list, an initiative first launched in 2015 to recognise the key professionals working in the United States' smaller captive industry.

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To say it has been an eventful 12 months for those captives making the 831(b) tax election since the first ERC Pioneers was published would be an understatement.

The focus of most managers, regulators and lawyers during the first three quarters of 2016 was on their strategy and approach to compliance with the new 831(b) rules passed by Congress in December 2015.

While confusion was expressed by many and further guidance continued to be sought, optimism and confidence had resulted from lawmakers having enough faith in the industry to permit a rise in the annual premium limit to \$2.2m.

The Avrahami case has lurked in the background for the past 12 months and the industry is still waiting for a result that should shed light on the United States Tax Court's position on ERCs.

Nothing has demonstrated the uncertainty in the sector more, however, than the Internal Revenue Service's Notice 2016-66 that was issued in November and gave 831(b) tax-electing captives and their managers three months to report complex and historical details. The 30 January deadline has since been extended to 1 May, but it remains to be seen how Treasury and IRS interprets the vast amount of data that it receives.

Those individuals recognised below will all have been impacted by the events outlined above and the industry has dealt with the ongoing threats and opportunities in numerous ways.

There are seven new entries in the 2016 ERC Pioneers, while four individuals (Charles Lavelle, Michael Corbett, Steve Kinion and Michael Serricchio) have also been listed in the 2016 *Captive Review* 2016 Power 50, which recognises the most influential people in the global captive industry.

The new entries are Ruben Gely, Les Boughner, Norman Chandler, Tim Tarter, Mark Jacobs, Joseph Taussig and Steve Kinion.



ERNIE ACHTIEN,
EXECUTIVE VICE PRESIDENT
- ENTERPRISE RISK, CAPTIVE
RESOURCES

Achten developed the robust ERC programme at Captive Resources ("CRI"), blending the leadership of CRI in the group captive space with the expertise he developed while an insurance tax partner at Ernst & Young. He forged CRI's partnership with MIJS Captive Management, which has blended skills of both firms into a leading ERC practice. He is a frequent speaker on ERC at industry conferences. He is a CPA and CPCU.



LES BOUGHNER,
CHAIRMAN, ADVANTAGE INSURANCE
MANAGEMENT (USA) LLC

Boughner was already enthused by the 831(b) concept when working for Willis and since he joined Advantage Insurance in June 2015, he has enjoyed the ideal environment to put that interest into practice. Now leading its business insurance division, Boughner is in charge of a growing portfolio of enterprise risk captives and is

particularly passionate about the potential of Puerto Rico to facilitate such business, where Advantage launched a new PCC in October 2016.



NORMAN CHANDLER,
PARTNER, ARSENAL INSURANCE
MANAGEMENT

Arsenal were not previously pre-occupied by the ERC market, and were primarily focusing on innovative captive programmes in other areas. However, after a number of acquisitions including that of Dallas-based Jade Risk, Chandler has ramped up the manager's presence in the booming sector. It remains to be seen how much investment Arsenal will make in growing its ERC concept but it certainly has the potential to become a significant player.



MICHAEL CORBETT,
DIRECTOR OF CAPTIVE INSURANCE,
STATE OF TENNESSEE

One of just four individuals to make it into the Power 50 and ERC Pioneers for 2016, Corbett is building a diverse captive insurance industry in Tennessee. He has quickly built a reputation as a regulator that service providers are keen to do business with, but he is demonstrating he is also no soft touch by working to enforce more scrutiny of the managers operating in the jurisdiction.



MIKE DIMAYO,
PRINCIPAL, OXFORD RISK
MANAGEMENT

Always happy to share his thoughts on developments and controversy within the industry, co-founder DiMayo has quietly gone about building a strong team and management operation based out of Maryland. The Oxford ERC portfolio is

substantial and impressive, with DiMayo welcoming the new legislation passed at the end of 2015.



MARTIN EVELEIGH,
CHAIRMAN, ATLAS INSURANCE
MANAGEMENT

A stalwart of the captive insurance industry, Eveleigh has vast experience in offshore and onshore domiciles. His latest industry position is as chair of the North Carolina Captive Insurance Association and he is also involved with the Self-Insurance Institute of America (SIIA). Founder of Atlas Insurance Management in 2002, Eveleigh oversees one of the leading independent operations and specialises in captive solutions for the middle market.



STEWART FELDMAN,
CEO AND GENERAL COUNSEL,
CAPSTONE ASSOCIATED

One of the most outspoken individuals in the industry, Feldman's Capstone management firm and affiliated law practice are highly visible in the ERC space and are strong advocates of the sector in general. Not afraid to ruffle a few feathers, Feldman speaks his mind and this year has particularly taken aim questioning the use of cells, LCCs and series to facilitate captive business. Based in Texas, Feldman is experienced in a number of onshore and offshore jurisdictions that specialise in captives making the 831(b) tax election.



RUBEN GELY,
DEPUTY COMMISSIONER OF
INSURANCE, PUERTO RICO

Working his way up starting as an executive aide to the Commissioner at the Office of the Commissioner of Insurance of Puerto Rico (OCI) in 1994, Gely now finds himself Deputy Commissioner of Supervision and



Compliance since 2009. Most recently, Gely has been integral to the International Insurance Center and its focus on attracting captive insurance companies serving both the United States' middle market and Latin America. 2016 was a particularly busy year for the domicile with a host of US managers setting up business and insurance vehicles in the domicile.



KARL HUIH,
PRESIDENT, CAPTIVE SERVICES,
ARTEX

Huish, alongside brother Jeremy, has been a central part in the Arthur J. Gallagher-owned manager's growing expertise in the ERC segment of the captive market and both have been active in the lobbying and advocacy for greater help and guidance from the relevant authorities. Well-known for group and smaller captives, Artex provides a diversified service to a range of client types with ERC experience in on- and offshore jurisdictions.



MARK JACOBS,
CEO, CAPTIVE ALTERNATIVES

CapAlt has had an extremely busy 2016, beginning with the launch of a protected cell company (PCC) – Madison RE II. – in Puerto Rico and migrating all of its captives to the vehicle. Jacobs and his firm are among a handful of managers putting its trust in the emerging domicile. Towards the end of 2016, Jacobs completed a further

couple by joining forces with MediGroup Physician Services, the largest non-acute care group purchasing organisation in the United States, to provide captive services to its members.



STEVE KINION,
DIRECTOR OF THE BUREAU OF
CAPTIVE AND FINANCIAL INSURANCE
PRODUCTS, DELAWARE INSURANCE
DEPARTMENT

Taking the place of his previous Commissioner Karen Weldin Stewart on the ERC Pioneers, Kinion has been an innovator since arriving in Delaware and oversaw the implementation of the new series captive insurers in 2015. He also went the extra mile to help Delaware's captives and managers comply with the PATH Act, outlining the procedures required well in advance of 2016 year-end. The industry, in Delaware and further afield, appreciated his interjections and rallying cries when it is under threat.



CHARLES LAVELLE,
SENIOR PARTNER, BINGHAM
GREENEBAUM DOLL

Invaluable to the industry as it faces up to continuing challenges and the complexity and confusion in seeking compliance. Lavelle is the go-to authority when it comes to matters relating to the 831(b) tax election, a significant number of managers under IRS audit have enlisted his services in recent years and regulators, equally, trust his judgement and position on controversial issues relating to the much talked about tax election.



DAVID LIPTZ,
PARTNER, HKG

Liptz is one of the most experienced CPAs in the micro-captive space. Based on the

west coast, he founded Liptz & Associates more than 15 years ago and has expanded its operation until it merged with HKG in 2013. Working with more than 200 captive insurance companies, Liptz provides tax consulting services and also represents businesses in IRS audit disputes.



TAL REDPATH,
CAPTIVE INSURANCE EXAMINER,
STATE OF MONTANA

A key cog in Montana's captive insurance department, Redpath has served in his current role for almost 10 years. With a reputation for sensible and proportionate regulation and examination, Redpath is well-respected among managers and service providers in the ERC space. His jurisdiction has grown considerably over recent years with almost 200 active captives now licensed in Montana.



TIM TARTER,
PARTNER, WOOLSTON & TARTER

The defense attorney representing the Avrahamis in their ongoing Tax Court case concerning the St Kitts-domiciled captive Feedback Insurance Company, Tarter certainly has an important role to play as the insurance industry waits for an outcome from one of the most anticipated Court decisions this decade. As well as his representative work, which is set to increase in 2017, Tarter is also happy to speak out on pertinent issues and challenges facing the 831(b) arena.



JOSEPH TAUSSIG,
FOUNDER AND OWNER, TAUSSIG
CAPITAL

Captive managers and other advisors have been divided on the best approach to compliance with the PATH Act, but throughout 2016 Taussig has promoted a wholly differ-



ent solution. Offering to buy up managers' whole portfolio of managed captives and relocate them to a cell facility in Puerto Rico, he believes he has an ideal solution for those owners and managers spooked by the increased aggression and scrutiny from the IRS. With strong contacts in the funds and insurance world, Taussig has the clout to pull such an offering off.



MICHAEL SERRICCHIO,
SALES LEADER FOR CAPTIVE
SOLUTIONS, MARSH CAPTIVE
SOLUTIONS

A rising star within the largest captive manager in the world, alongside mentor Arthur Koritzinsky Serricchio has developed a significant portfolio of small captives under management. Serricchio has been instrumental in helping the management firm engage with the growing Marsh & McLennan Agency, a subsidiary of the global broker exclusively serving middle market companies in the United States. Based in Connecticut, he is a confident speaker on the ERC topic and is able to ably handle the controversies and perception problems that often surround this growing segment of the market.



JEFF SIMPSON,
DIRECTOR, GORDON, FOURNARIS &
MAMMARELLA

A key player in the growth of Delaware's

status as a captive insurance domicile, Simpson has been heavily involved in the evolution of the State's captive statute. He was also a founder of the Delaware Captive Insurance Association (DCIA) and remains a director today. Simpson has particular expertise in Series captives which are hugely popular in Delaware and is a regular speaker at captive insurance events around the United States.



DANA SHERIDAN,
GENERAL COUNSEL, ACTIVE CAPTIVE
MANAGEMENT

An authoritative voice on smaller captives, Sheridan is a key player in Active Captive's management practice with strong relationships with industry peers and state regulators. She is an analytical and thought-provoking speaker and writer on captive insurance and is a passionate advocate of the industry. With more than 20 years of experience in the insurance industry, Sheridan provides a broad skill set and also has expertise in complex claims and suits. She is a passionate supporter of SIIA and increasingly involved with CICA.



RYAN WORK,
SENIOR DIRECTOR FOR GOVERNMENT
RELATIONS, SELF-INSURANCE
INSTITUTE OF AMERICA (SIIA)

The driving force behind SIIA's extensive lobbying efforts on Capitol Hill concerning enterprise risk captives and the 831(b) tax election. While Work certainly had a busy year in 2015, 2016 turned out to be equally challenging as the IRS challenged the industry segment with the publication of Notice 2016-66 at the start of November. The Institute had already begun a campaign seeking further guidance in an effort to comply with the changes made by the PATH Act, so it had to swiftly change focus. After serious lobbying in Washington, the IRS announced it would grant a 90 day extension to the reporting deadline stipulated in the original Notice.