



ERC PIONEERS

New for 2015, *Captive Review* lists the key leaders in the fast growing enterprise risk captive (ERC) market segment with an important year ahead for the industry

The year 2015 was hugely important but controversial for those involved in the smaller captive space. The Internal Revenue Service (IRS) ramped up the pressure and scrutiny on managers and captives involved with the 831(b) tax election, beginning the year circulating its 'Dirty Dozen' and 'tax charade' labels and finishing it with a number of tax deficiency notices issued to electing captives. In between was the launch of a number of high-profile manager audits which may or may not be resolved in 2016.

As a result, the enterprise risk captive (ERC) segment of the captive insurance industry was greatly challenged in 2015, but it responded with another bumper year for new formations with a healthy range of jurisdictions and managers contributing to what are expected to be record numbers.

The trend of onshoring smaller captives has continued, with emerging jurisdictions Tennessee and North Carolina benefiting, while Oklahoma could be added

to that list too. Utah, Delaware, Arizona, Nevada and Montana also remain popular destinations for ERCs.

The below list has been compiled as recognition for the fastest growing captive segment in the world. With Solvency II ensuring Europe remains, for now, in a state of 'wait and see' and the majority of large American companies already owning a captive if they desire one, the ERC space is only rivalled by the healthcare industry for driving new formations.

While there is some overlap between those expert in the ERC and broader captive space (see Tennessee's Michael Corbett and tax attorney Charles Lavelle who appear in both lists), there is an expanding number of those who specialise specifically in the 831(b) area.

The incoming legislation (see pages 16-19) altering the tax election and the requirements on those companies that are seeking to make it means 2016 is going to be an extremely busy and important year for the below professionals and their firms or departments.

Captive regulators such as Corbett, along with Delaware's Commissioner Karen Weldin Stewart, Utah's David Snowball and Montana's Tal Redpath, may have to work closely with a high number of captives that need to restructure their ownership arrangements and policy distribution.

The managers and lawyers will also be busy working with clients as they try to assess before January 2017 whether programmes can be continued and if it is worth going through any required re-organization in order to keep the tax election.

However, along with this administration comes opportunities, as service providers and regulators begin to wake up to the fact a rise to \$2.2m in annual premium could open up a much larger market. Now those businesses that felt running \$1.2m through a captive was not worthwhile can reconsider the options and feasibility of a self-insurance solution.

Once head and tail has been made of the true impact of the new legislation, it will be interesting to see how the below list has altered, if at all, come 2017.

THE ERC PIONEERS



ERNIE ACHTIEN

EXECUTIVE VICE-PRESIDENT - ENTERPRISE RISK, CAPTIVE RESOURCES

Achtien 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.



MICHAEL CORBETT

DIRECTOR OF CAPTIVE INSURANCE, STATE OF TENNESSEE

One of just two individuals to make it into the Power 50 and ERC Pioneers for 2015, 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, while he demonstrated he was no soft touch when at the end of 2015 he announced that he was



keen to enforce more scrutiny of managers operating in his jurisdiction.

BOB DAVIDSON

MANAGING DIRECTOR - CAPTIVE CONSULTING AND UNDERWRITING, IROQUOIS CAPTIVE SERVICES

Working with more than 80 captives, Davidson has extensive experience in the management of ERCs and is part of a strong team at Iroquois. The firm is involved in the formation of a range of captive types and are active participants in the fast growing captive industry in Tennessee. Davidson has previous experience with Marsh and Arthur J. Gallagher.



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.

RICK ELDRIDGE

PRESIDENT & CEO, INTUITIVE CAPTIVE SOLUTIONS

A specialist in the design of ERCs, Eldridge oversees a number of the companies that make up Intuitive. Based in Denver, Eldridge was elected to be a director of the Delaware Captive Insurance Association from 2015 through to 2018. He is particularly knowledgeable and skilled in property and casualty insurance and is passionate about the ERC segment of the 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 on Dodd-Frank, IRS activity and domicile proliferation. Based in Texas, Feldman is experienced in a number of onshore and offshore jurisdictions that specialise in captives making the 831(b) tax election.

SANDRA FENTERS

PRESIDENT, CAPTERRA RISK SOLUTIONS

Working with a range of captive types, Fenters has proven herself to be a skilled and innovative professional within the ERC space. Holding vast underwriting experience, Fenters has been with Captterra since its beginnings in 2010 and services captives in on- and offshore jurisdictions. She is well-respected by industry peers and has extensive experience in authoring articles on captive insurance.

KARL HUISH

PRESIDENT, CAPTIVE SERVICES, ARTEX RISK SOLUTIONS

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. 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. Expect Huish to be busy in 2016 as Artex complete a re-branding exercise and continue their push into new markets.



KEVIN DOHERTY

PARTNER, NELSON MULLINS RILEY & SCARBOROUGH

One of the leading figures within Tennessee's fast growing and highly respected captive industry, Doherty is president and chairman of the Tennessee Captive Insurance Association (TCIA). He played a key role in the rewriting of Tennessee's captive law in 2011 and has particularly strong expertise in the smaller captive space.



DAN KUSAILA

TAX PARTNER, CROWE HORWARTH

Unlucky to miss out on a place in the Power 50, Kusaila has vast experience with large captives owned by multinationals but is fast becoming an expert in the ERC segment since his firm Saslow Lufkin & Buggy was bought out by Crowe Horwarth in May 2015. Kusaila is rarely found in his Connecticut office; instead he is regularly on the road at captive conferences and gathering in various domiciles. Well versed in the 831(b) tax election, expect Kusaila to be a growing voice in this space.



CHARLES LAVELLE

SENIOR PARTNER, BINGHAM GREENEBAUM DOLL

As the go-to authority for all aspects of the industry when it comes to matters relating to the 831(b) tax election, a significant number of managers under IRS audit have enlisted his services over the past year 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 15 years ago expanding 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.



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.

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.

MICHAEL SERICCHIO

SENIOR VICE-PRESIDENT, MARSH CAPTIVE SOLUTIONS

A rising star within the largest captive manager in the world, alongside mentor Arthur Koritzinsky Sericchio has developed a significant portfolio of small captives under management. 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.

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.

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. He is also heavily involved with SIIA as chairman of its Alternative Risk Transfer Committee.

DAVID SNOWBALL

DIRECTOR OF CAPTIVE INSURANCE, UTAH INSURANCE DEPARTMENT

Working in the Utah Insurance Department since 2010, Snowball took over from Ross Elliott in April 2014. As a result, Snowball has been present for much of Utah's growth in the micro-captive space and is readily open to discuss developments in the market segment. His department is constantly striving to enhance its captive services, including the introduction of an online application system in 2015. His department licensed 66 new captives in 2015 and now has 447 active captives on its books.

KAREN WELDIN STEWART

INSURANCE COMMISSIONER, STATE OF DELAWARE

The driving force behind Delaware's growing captive insurance industry, Stewart is a strong advocate of captive solutions for the middle market and, as a result, those making the 831(b) tax election. Stewart was elected the State's Insurance Commissioner in 2008 and established its Captive Bureau in 2009, which has grown significantly in the past six years to be one of the leading jurisdictions in the United States.

RYAN WORK

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

Leading SIIA's lobbying effort concerning the 831(b) legislation passed in December, Work has quickly built a strong profile in the captive industry and was key in keeping the industry informed of the developments on Capitol Hill. Although SIIA ultimately failed to make substantial changes to the proposed legislation, there is little doubt Work's role has helped to educate more lawmakers in Washington on the benefits of captive insurance.

