AM Best

February 2025

News of the Alternative Risk Markets

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News of the Alternative Risk Markets from AM Best
A Three-Month Review

AM Best has been covering the captive sector for several decades. Today we rate approximately 200 captive ventures in multiple jurisdictions.

Although a rating on a captive is comparable to any other rating issued by AM Best, we recognise that captives serve special purposes and typically have an operating style that differs from the conventional market.

A rating can be of benefit to a captive by demonstrating its financial strength and its best practice performance to a variety of stakeholders, such as fronting insurers, reinsurers and a parent not otherwise engaged in insurance.

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AM Best Requests Comments on Proposed Revisions to 'Alternative Risk Transfer (ART)' Criteria

AM Best is requesting comments from market participants in the insurance industry and other interested parties on a draft update to its criteria procedure, "Alternative Risk Transfer (ART)," which is available on the methodology section of AM Best's website until Feb. 20, 2025.

The main proposed update to "Alternative Risk Transfer (ART)" (to be renamed "Rating Captives and Other Alternative Risk Transfer Entities") establishes a clear approach from AM Best to assigning Financial Strength Ratings (FSRs) and Issuer Credit Ratings (ICRs) to individual incorporated cell entities.

Changes in the draft of the criteria include the following:

- Name and define cell companies and the various cell structures used in the insurance industry
- Map out how specific factors of unincorporated cell companies and individual incorporated cell entities are viewed within Best's Credit Rating Methodology (BCRM) and support a path to assigning FSRs and ICRs.
- Set a baseline operational level for individual incorporated cells to be considered for rating assignment
- Establish that AM Best analytical teams will likely use external parties to aid in the confirmation of a cell entity's baseline operational and legal capabilities
- Affirm that the weakest-link approach remains the path to rating unincorporated cell companies
- Add an appendix supporting data requests of cell companies

AM Best does not expect the revisions to "Alternative Risk Transfer (ART)" to impact any published ratings.

This draft criteria is available at www.ambest.com/ratings/methodology.

When submitting comments to the methodology in-box, commenters can select one of the following three options: Allow my comments to be made public and include my contact information; allow my comments to be made public but keep my contact information anonymous; or do not publish my comments (i.e., confidential). Written comments should be submitted no later than Feb. 20, 2025, by e-mail to one of the following email addresses based on your selection:

To allow your comment to be made public, including your contact information, please email Methodology.Public@ambest.com

To allow your comment to be made public, but keep your contact information anonymous, please email Methodology.Anonymous@ambest.com

To not publish your contact information or comments and keep all information confidential, please email Methodology.Private@ambest.com

AM Best is a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City.

Research

Best's Market Segment Report: New Domiciles Changing the Landscape for European Captive Insurance Segment

New European captive domiciles are seeing growth in company formations, including redomicilations from other jurisdictions, according to new analysis from AM Best.

The Best's Market Segment Report, "New Domiciles are Changing the Landscape for the European Captive Insurance Segment", notes France, which has only recently introduced rules governing the establishment and operation of captives, is leading the way for new captive formations in Europe in 2023 and 2024. There have also been several new captive formations in Italy. Separately, new rules are under consideration in the United Kingdom and in Gibraltar designed to attract new captive business.

European jurisdictions do not report captive numbers in a consistent manner; however, AM Best analysis suggests that Guernsey maintained the top spot among European captive domiciles, with Luxembourg in second place and the Isle of Man in third.

To access a complimentary copy of this market segment report, please visit http://www3.ambest.com/bestweek/purchase.asp?record_code=349582.

December 10, 2024

Rating Actions

AM Best Affirms Credit Ratings of GreenStars BNP Paribas S.A.

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a+" (Excellent) of GreenStars BNP Paribas S.A. (GreenStars) (Luxembourg), a captive subsidiary of BNP Paribas SA (BNP Paribas). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect GreenStars' balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

The ratings also consider, in the form of rating lift, AM Best's expectation that BNP Paribas will provide financial support to GreenStars, if needed. The shareholder has historically allowed GreenStars to retain all of its earnings since its incorporation in 2009.

GreenStars' very strong balance sheet strength assessment is supported by its risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). AM Best expects GreenStars' risk-adjusted capitalisation to remain at the strongest level, supported by good internal capital generation and low net underwriting leverage. The company's dependence on reinsurance is high, although the associated credit risk is mitigated partially by its diversified and well-rated reinsurance panel.

GreenStars' strong operating performance is demonstrated by its return on capital and surplus of 16.6% for the five-year period ending in 2023, as calculated by AM Best. Historical performance has been driven largely by the company's low loss experience, which has helped it obtain high inward ceding and profit commissions. AM Best expects the company's prospective performance to remain strong, albeit subject to potential volatility stemming from changing global macroeconomic conditions. GreenStars' extensive reinsurance programme helps to mitigate the effect of potential claims volatility on a net basis.

GreenStars provides support for BNP Paribas' lending operations, as a credit-risk management tool. The company's business profile benefits from having direct access to the group's good quality credit risks. While GreenStars is concentrated in credit insurance, its business profile assessment reflects its diversification by geography, type of credit risk and obligor.

November 6, 2024

AM Best Revises Issuer Credit Rating Outlook to Positive for ICM Assurance Ltd

AM Best has revised the outlook to positive from stable for the Long-Term Issuer Credit Rating (Long-Term ICR) and affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term ICR of "a" (Excellent) of ICM Assurance Ltd (ICMA) (St. Michael, Barbados). ICMA is a single-parent captive insurer, wholly owned by CNOOC International Limited, which is in turn wholly owned by CNOOC Limited (CNOOC), the ultimate parent. The outlook of the FSR is stable.

These Credit Ratings (ratings) reflect ICMA's balance sheet strength, which AM Best assesses as strongest, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management (ERM), augmented by rating enhancement that it receives from its ultimate parent, CNOOC.

The outlook revision to positive from stable for the Long-Term ICR reflects ICMA's favorable results, with significant net operating profits recorded over the past five years. The captive's loss experience compares favorably with peers and the overall industry due to strong loss control programs adopted across the enterprise; management's knowledge of the business; and the absence of material catastrophic events. The captive's earnings also benefit from ICMA's inherently low expense structure and are further enhanced by favorable loss reserve development. Prospectively, AM Best expects ICMA will continue to outperform its peers on key operating metrics.

ICMA's balance sheet strength assessment is underpinned by the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), as well as its favorable liquidity and low underwriting leverage measures. Although the nature of ICMA's coverage subjects it to shock loss and high severity events, this exposure is tempered by reinsurance protection and group-wide safety and risk mitigation protocol. Also noteworthy is the significant percentage of assets that ICMA has loaned to its parent. However, the loan is repayable on demand with limited counterparty risk due to the affiliation and the aligned interests of the companies.

ICMA's business profile assessment of neutral is based upon the global liability and property coverages ICMA provides to its parent company and affiliates. Appropriate ERM is driven by ICMA's role as a single-parent captive of CNOOC, whose management incorporates ICMA as an element of its overall risk management program. Furthermore, ICMA's ratings benefit from enhancement from the ultimate parent due to implicit and explicit support, as well as other inherent benefits the captive receives from CNOOC.

November 13, 2024

AM Best Affirms Credit Ratings of AES Global Insurance Company

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of AES Global Insurance Company (AGIC) (Burlington, VT). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect AGIC's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

AGIC continues to demonstrate strong operating performance through its favorable underwriting results and from an inherently low expense structure. The ratings reflect AGIC's sound risk management capabilities with a focus on sustaining improved capitalization, underwriting performance and conservative balance sheet strategies. As a single-parent captive for The AES Corporation (AES) [NYSE: AES], AGIC remains an integral extension of its parent's overall risk management framework. Additionally, AES continually evaluates the use of AGIC for the group's risk management objectives as they arise. The ratings also consider AGIC's strategic importance to AES and the implied support provided by AES.

AGIC is wholly owned by AES, a Fortune 500 global energy company, which through its subsidiaries and affiliates, operates a diversified portfolio of generation, distribution and energy storage businesses that delivers safe, reliable and sustainable energy while helping organizations of all types in their clean energy transitions.

November 14, 2024

AM Best Downgrades Credit Ratings of Evergreen Insurance Company Limited

AM Best has downgraded the Financial Strength Rating to A- (Excellent) from A (Excellent) and the Long-Term Issuer Credit Rating to "a-" (Excellent) from "a" (Excellent) of Evergreen Insurance Company Limited (EICL) (Bermuda). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect EICL's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management. The ratings also reflect the parental support EICL receives from Evergreen International S.A. and Evergreen International Corporation in terms of capital, business development, operations and risk management.

The rating downgrades reflect changes to EICL's operating performance and business profile assessment, based on EICL's latest business plan to cease underwriting new business starting from mid-May 2024. AM Best revised the company's operating performance assessment to adequate from strong given that its top-line and bottom-line results are projected to drop materially in the next two years. Additionally, AM Best revised the company's business profile assessment to limited from neutral due to the planned reduction in business scale.

EICL's balance sheet strength is underpinned by its risk-adjusted capitalisation, which was at the strongest level at year-end 2023, as measured by Best's Capital Adequacy Ratio (BCAR). Despite the significant projected decline in the absolute capital level as per the company's capital and business plan, AM Best expects EICL's risk-adjusted capitalisation to be maintained at the strongest level in the intermediate term due to the significantly reduced underwriting risks. Other supportive factors of the balance sheet strength include a highly liquid and conservative investment portfolio, a track record of prudent reserving, and a comprehensive reinsurance programme.

As a pure captive of Evergreen Group, EICL's in-force underwriting portfolio primarily consists of marine, aviation and property risks related to the group's operations. The company has ceded the majority of its risk exposures to a panel of financially sound reinsurers and maintained a low retention ratio. EICL's overall capital position and profitability have been stable over the past five years, owing to prudent underwriting practices, conservative reserving assumptions and long-term reinsurance relationships. EICL's risk management is well-embedded into the group's risk framework and is viewed as appropriate to support its risk profile.

EICL's five-year average return-on-equity ratio was 12.2% (2019-2023). Operating results are expected to remain favourable and stable in 2024, supported by profitable underwriting and higher investment income. However, minimal prospective earnings are projected in 2025 and 2026 based on its business plan.

EICL has historically been a beneficiary of support from its shareholders and the wider parent group. AM Best expects EICL's shareholders will remain committed and continue to render support to the company during the run-off period in terms of capital, risk management and operations, if needed.

Negative rating actions could occur if there is a significant deterioration in EICL's risk-adjusted capitalisation to a level that no longer supports the current balance sheet strength assessment. Negative rating actions could occur if there is significant deterioration in the level of support from its shareholders, Evergreen International S.A. and Evergreen International Corporation. Negative rating actions could occur if there is material adverse deviation in the execution of the business plan that no longer supports an adequate assessment of operating performance. Although it is deemed unlikely, positive rating actions could occur if there is a significant improvement in the company's balance sheet strength.

November 15, 2024

AM Best Affirms Credit Ratings of Eni Insurance Designated Activity Company

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of Eni Insurance Designated Activity Company (EID) (Ireland), a captive of Eni S.p.A. (Eni), a multinational energy company based in Italy. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect EID's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management (ERM).

AM Best assesses EID's risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), and expects it to remain at this level prospectively. An offsetting rating factor in the balance sheet strength assessment is EID's reliance on reinsurance to underwrite large risks; however, the risks associated with this reliance are mitigated partly by long-standing relationships with reinsurers of excellent credit quality.

EID has a track record of strong operating profits, demonstrated by a five-year weighted average combined ratio of 49.4% (2019-2023), as calculated by AM Best. The company's underwriting performance has remained strong during the first nine months of 2024. Prospective performance is subject to volatility due to potential large losses from EID's property account. However, underwriting volatility on a net basis should be moderated by the captive's comprehensive reinsurance programme.

EID is well-integrated within the Eni group's risk management framework and maintains its active role in overseeing and containing the group's insurance costs. Additionally, the captive enables the group to centralise claims information and establish effective internal reporting for Eni. EID has a developed ERM framework, with a clear risk appetite and tolerance levels in place.

November 21, 2024

AM Best Affirms Credit Ratings of Kot Insurance Company AG

AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb" (Good) of Kot Insurance Company AG (Kot) (Switzerland). The outlook of these Credit Ratings (ratings) is stable. Kot is the captive reinsurer of Petroleos Mexicanos (PEMEX), the Mexican state-owned oil and gas company.

The ratings reflect Kot's balance sheet strength, which AM Best assesses as very strong, its strong operating performance, neutral business profile and appropriate enterprise risk management. The ratings also reflect a rating drag due to the company's association with PEMEX.

Kot's balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). AM Best expects Kot to maintain a buffer over the minimum requirement for the strongest BCAR assessment over the medium term; therefore, reflecting its strategy to maintain sufficient capital to absorb potential volatility stemming from its exposure to low frequency, high severity losses. A partially offsetting balance sheet factor is the captive's reinsurance dependence, driven by the large policy limits it offers to PEMEX. However, the associated credit risk is mitigated partly by a diversified retrocession panel and long-standing relationships with reinsurers of sound credit quality.

Kot has a track record of strong operating performance, generating a five-year (2019-2023) weighted average return on equity ratio of 15.0%. Results over the cycle have been underpinned by good underwriting performance, albeit subject to volatility, as demonstrated by a significant loss related to an offshore platform fire, resulting in a combined ratio of 94.5% for 2023 (as calculated by AM Best). Nonetheless, the captive reported a healthy five-year (2019-2023) weighted average combined ratio of 53.4%. Prospectively, AM Best expects the captive's underwriting performance to be favourable over the longer term, albeit subject to potential volatility given its high net line sizes relative to its premium base.

Kot remains well-integrated within PEMEX as its only reinsurance captive and is important to the group as a cost-effective risk management tool.

Kot's financial strength is negatively affected by the weaker credit profile of PEMEX, which has deteriorated in recent years. This is partly mitigated by the robust reinsurance regulatory regime in Switzerland, with strict requirements for capital adequacy and corporate governance, which provides some comfort over Kot's prospective financial strength and independence from its parent.

November 22, 2024

AM Best Assigns Credit Ratings to National Grid Insurance USA Ltd

AM Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of "a-" (Excellent) to National Grid Insurance USA Ltd (NGIUSA) (United States). The outlook assigned to these Credit Ratings (ratings) is stable. NGIUSA is a captive of National Grid plc (NG), a large utility group.

The ratings reflect NGIUSA's balance sheet strength, which AM Best assesses as strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management. The ratings also consider rating enhancement from NGIUSA's affiliate, National Grid Insurance Company (Isle of Man) Limited (NGICL), which is the largest captive of the NG group and provides reinsurance support to NGIUSA.

NGIUSA's balance sheet strength is underpinned by risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), at the strongest level. However, AM Best notes that risk-adjusted capitalisation is materially lower on a catastrophe stressed basis due to the large net line sizes offered by NGIUSA relative to its capital, which exposes its risk-adjusted capitalisation to potential volatility. The assessment also factors in the company's high reinsurance dependence, which is partially mitigated by the strong credit quality of the reinsurance panel.

NGIUSA has a strong operating performance track record, as demonstrated by a five-year (2019-2023) weighted average return on equity ratio of 8.4%. Overall earnings have been driven by excellent underwriting performance, evidenced by a five-year (2019-2023) weighted average combined ratio of 21.3%. AM Best expects NGIUSA to accumulate underwriting profits over the longer term, albeit subject to potential volatility given the large net policy limits offered relative to its premium base.

AM Best assesses NGIUSA's business profile as limited, reflecting its small and geographically concentrated portfolio of high-value property/casualty cover for NG's United States based assets. NGIUSA is strategically important to NG as it maintains a key role in supporting the group's risk management strategy, primarily providing a broad range of property damage and business interruption, casualty, and cyber cover to meet the majority of the group's insurance needs in the United States.

December 2, 2024

AM Best Affirms Credit Ratings of Enel Reinsurance - Compagnia di Riassicurazione S.p.A.

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Enel Reinsurance - Compagnia di Riassicurazione S.p.A. (Enel Re) (Italy), a captive of Enel S.p.A. (Enel), a multinational electric utility company based in Italy. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Enel Re's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

AM Best expects Enel Re's risk-adjusted capitalisation to be maintained at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). The captive benefits from good liquidity and low reinsurance dependence. An offsetting rating factor is Enel Re's potential exposure to large losses given its high net retention per risk, which has the potential to introduce volatility in capitalisation levels.

Enel Re's operating performance assessment reflects AM Best's expectation that the prospective combined ratio will remain within the captive's through-the-cycle target of between 95% and 100%. Solid investment income is expected to contribute positively to overall profitability.

Enel Re is the captive insurer of Enel S.p.A. group. The captive is well-integrated within the Enel group and plays a fundamental role in managing the group's risk exposures. On Jan. 1, 2024, Enel's old captive, Enel Insurance N.V., transferred its assets and liabilities to Enel Re, through a cross-border merger. The aim of the transaction was to redomicile the captive operation of Enel to Italy, where the group is based. Enel Insurance N.V. ceased to exist as a result of the cross-border merger.

December 11, 2024

AM Best Affirms Credit Ratings of Spirit Insurance Company and Radius Insurance Company

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Ratings of "a" (Excellent) of Spirit Insurance Company (Spirit) (Colchester, VT) and Radius Insurance Company (Radius) (Cayman Islands). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Spirit and Radius' balance sheet strength, which AM Best assesses as very strong, as well as each company's adequate operating performance, neutral business profile and appropriate enterprise risk management.

Spirit and Radius each have the inherent benefits of financial flexibility and support as captive insurers for their ultimate parent, Phillips 66 [NYSE: PSX], with integrated operations, closely aligned and uniform interests, and are established core elements in its overall risk management program. The captives' loss experience has remained generally favorable due to the parent's strong loss-control program and relatively small number of material catastrophe losses. Phillips 66 conducts periodic reviews of Spirit and Radius' potential loss exposures through an industrial risks specialist, which demonstrates its commitment to safety.

The captives' underwriting risks largely consist of onshore and limited offshore property and liability business. Spirit provides property damage, business interruption, construction all-risks, excess liability and employee medical reimbursement insurance for Phillips 66, its affiliates and subsidiaries' domestic U.S. operations only; however, Spirit generally does not provide coverage for Texas-based risks. Radius provides similar coverage (i.e., property damage, business interruption, excess liability) to Phillips 66, its affiliate and subsidiaries' non-U.S. risks in which Phillips 66 has ownership interests. As of 2022, premium and exposures for Radius decreased after removing U.K. property exposures from the captive.

Spirit and Radius have exposure to low frequency, high severity loss claims due to the sizable limits offered on their respective policies, introducing potential significant dependence on reinsurance protection. Spirit also provides terrorism coverage to its parent. Though relatively high on a gross basis, terrorism exposure is heavily mitigated by reinsurance protection afforded by coverage under the federal Terrorism Risk Insurance Program Reauthorization Act, which expires in 2027.

December 11, 2024

AM Best Affirms Credit Ratings of NEWGT Reinsurance Company, Ltd.

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of NEWGT Reinsurance Company, Ltd. (NEWGT) (Bermuda). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect NEWGT's balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

NEWGT's balance sheet strength is well-supported by its risk-adjusted capitalisation, which is assessed at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). As of the fiscal year ended on 31 March 2024, NEWGT's capital and surplus increased by 21% mainly from increased retained earnings, with no dividend upstream made during the period. The company has a moderate level of reinsurance dependency; however, its exposure to potential credit risk is mitigated partially by a high-quality and well-diversified reinsurance panel.

NEWGT's operating performance has been consistently positive during the most recent five-year period. For the fiscal year ended 31 March 2024, the gross premium and net premium earned from ITOCHU Corporation (ITOCHU)-related business, remained relatively flat as its premium income became normalized from the strong growth in the previous year while its underwriting profit showed improvement with favourable loss experience during the period. Notwithstanding the moderate volatility in the major lines of marine cargo business due to the impact of commodity price fluctuations, AM Best expects that NEWGT's operating performance will remain profitable over the intermediate term given the company's prudent underwriting practices and reinsurance programmes.

As a wholly owned subsidiary and captive insurer of ITOCHU, one of Japan's largest general trading companies, NEWGT provides reinsurance protection against group-related risks across various regions. A majority of NEWGT's business comes from ITOCHU-related marine business, and the remaining portfolio consists of a diverse mix of non-life business lines, including theft insurance, renters' insurance, and group personal accident. NEWGT is well-integrated within the group with respect to risk management, corporate governance and internal control systems.

Negative rating actions could occur if NEWGT's risk-adjusted capitalisation significantly deteriorates, such as from heightened underwriting risk or an excessive dividend payout to its parent. Negative rating actions also could arise if there is significant deterioration in ITOCHU's credit profile, including its operating profitability, financial leverage and interest coverage levels. Positive rating actions could occur if NEWGT demonstrates sustained and notable improvement in its underwriting and operating profitability for a period of time, while maintaining a robust level of risk-adjusted capitalisation.

December 11, 2024

AM Best Affirms Credit Ratings of Transmonde Services Insurance Company Limited

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of Transmonde Services Insurance Company Limited (Transmonde) (Hamilton, Bermuda). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Transmonde's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management.

Partially offsetting these rating factors are Transmonde's high retentions and concentration in liability lines with significant loss severity potential, although the company has experienced historically favorable loss experience. Additional offsetting factors include the company's limited market profile as a single-parent captive that derives all its business from its parent company, SGS SA (SGS) [SWX: SGSN], a publicly traded Swiss company. Transmonde provides professional, property, cyber, general and pollution liability coverages to subsidiaries of SGS.

Transmonde has maintained very conservative underwriting leverage ratios, as surplus has remained strong to support its business volumes. Historically, surplus growth is the result of retained earnings from highly profitable operating results driven by excellent underwriting performance. Transmonde has a history of conservatively distributing excess capital back to SGS.

The company has posted low loss and loss adjustment ratios, which reflect SGS' robust and effective risk management. Its relatively high per-occurrence retentions are mitigated by significant deductibles and conservative reserving practices.

December 12, 2024

AM Best Affirms Credit Ratings of Nova Casiopea Re S.A.

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Nova Casiopea Re S.A. (NCRe) (Luxembourg). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect NCRe's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

NCRe operates as a single parent captive of Telefónica, S.A. (Telefónica), a multinational broadband and telecommunications provider based in Spain with operations in Europe, as well as in North, Central and South Americas. NCRe benefits from Telefonica's geographic diversification across Europe and Latin America. NCRe maintains a broad portfolio mix, but as a pure captive its business profile remains constrained to Telefonica's operations and strategic decisions.

NCRe's balance sheet strength assessment is underpinned by the strongest level of risk-adjusted capitalisation, on both a standard and catastrophe-stressed basis, as measured by Best's Capital Adequacy Ratio (BCAR). This assessment is supported by NCRe's conservative and liquid investment portfolio, as well as capital buffers in the form of equalisation reserves. An offsetting factor is the company's elevated exposure to natural catastrophe risk, which has the potential to introduce volatility to capitalisation levels.

The adequate operating performance assessment reflects the captive's good, albeit fluctuating underwriting results since inception. In 2023, NCRe generated a pre-tax profit of EUR 21.1 million compared with EUR 5.9 million in 2022. The improvement in performance was driven by a year-on-year decrease in the loss ratio to 28.9% in 2023, from 69.7% in 2022, as a result of a more favourable claim experience. Overall, in 2023, NCRe's combined ratio stood at 67.3%, slightly below the captive's five-year weighted average combined ratio of 71.1% (2019-2023).

NCRe is well entrenched in Telefonica's risk management framework reflecting its strategic importance to the group as a cost-effective risk management tool. Recent changes to Telefónica's business model have not materially impacted the captive's operations. However, AM Best notes that potential spin-offs of Telefónica's major businesses in Latin America could impact the captive's profile, reducing its natural catastrophe exposure, among other impacts.

December 18, 2024

AM Best Assigns Credit Ratings to Gaviota Re S.A.

AM Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of "a-" (Excellent) to Gaviota Re S.A. (Gaviota) (Luxembourg). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect Gaviota's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

Gaviota operates as a single-parent captive of Repsol S.A. (Repsol), a Spanish multi-energy company engaged in worldwide upstream, downstream and low carbon generation activities.

Gaviota's balance sheet strength is underpinned by its risk-adjusted capitalisation comfortably above the threshold for a strongest assessment, as measured by Best's Capital Adequacy Ratio (BCAR), and expected to remain at this level prospectively. An offsetting factor in the balance sheet strength assessment is Gaviota's high level of reinsurance dependence to write large risks, which is mitigated partially by the company's long-standing relationships with reinsurers of excellent credit quality.

Gaviota has exposure to credit risk driven by inter-company loans with the Repsol group, which also acts as a partially offsetting factor in the assessment. As of 31 December 2023, the funds Gaviota allocated to the inter-company loans with Repsol represented 58% of the company's total assets.

Gaviota has a track record of adequate operating performance, evidenced by a five-year (2019-2023) weighted average return on equity of 5.4%, as calculated by AM Best. In 2023, Gaviota reported after-tax profits of EUR 29.9 million (as calculated by AM Best, before movements in equalisation reserves), supported by a strong underwriting performance and robust investment results due to favourable market conditions. Prospective performance is subject to volatility due to potential large losses arising from Gaviota's property business. However, underwriting volatility should be moderated by the captive's comprehensive retrocession programme.

Gaviota is a key part of Repsol's risk management framework, providing mainly property and liability cover for the group's activities. Although the company's business portfolio is concentrated by product, with the majority of premiums accounting for property risks, the book is well-diversified by geography, reflecting the international scope of the parent's operations.

December 20, 2024

AM Best Withdraws Credit Ratings of Centerline Insurance Company

AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of Centerline Insurance Company (Centerline) (headquartered in Knoxville, TN). The outlook of these Credit Ratings (ratings) is stable. Concurrently, AM Best has withdrawn these ratings as the company has requested to no longer participate in AM Best's interactive rating process.

The ratings reflect Centerline's balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

Effective Dec. 31, 2024, Centerline reverted to a captive insurance company for Watkins Associated Industries, Inc., from its recent endeavors to become a traditional commercial insurer, having recently exited the third-party commercial auto liability insurance space. The reduction in premium enabled Centerline's surplus to support the remaining lines of business within its capital base as evidenced by improved risk-based capitalization manifested in significantly increased Best's Capital Adequacy Ratio (BCAR) scores. AM Best expects the captive to return to improved profitability in the near term, better aligning with an adequate operating performance assessment.

AM Best expects Centerline's risk-adjusted capitalization, as measured by BCAR, to remain at the strongest level over the medium term, supported by a conservative investment allocation and modest internal capital generation.

The adequate operating performance assessment considers Centerline's ability to achieve its targeted operating results, primarily driven by underwriting profits from the company's very profitable per-shipment cargo and trailer insurance products.

January 7, 2025

AM Best Affirms Credit Ratings of Stellar Insurance, Ltd.

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a+" (Excellent) of Stellar Insurance, Ltd. (Stellar) (Bermuda), an indirect wholly owned subsidiary of the Saudi Arabian Oil Company (SAOC). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Stellar's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

Stellar's balance sheet strength is underpinned by its risk-adjusted capitalisation that is expected to remain comfortably at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), supported by the company's low underwriting leverage, earnings retention and comprehensive reinsurance programme. In December 2024, Stellar restructured its investment portfolio, with over 80% of the company's invested assets converted into a promissory note from SAOC. While this investment strategy is common for captive companies, Stellar's investments now are significantly more concentrated, albeit with a financially strong affiliated company. Stellar remains reliant on reinsurance to provide high gross underwriting limits. The credit risk associated with reinsurance is mitigated partially by Stellar's use of a diversified panel of financially strong reinsurers.

Stellar has reported strong operating results over the past five years, mainly driven by robust underwriting profits in the absence of large losses. In 2023, the company experienced a net-net combined ratio of -21.4% (2022: 17.3%), as calculated by AM Best, with the company's five-year (2019-2023) net-net combined ratio ranging between -21.4% and 35.9% (these metrics are calculated using a combination of IFRS 4- and IFRS 17-reported figures). The company's return on equity stood at 13.9% in 2023, skewed by its relatively large capital base. AM Best expects the company's performance in 2024 and prospectively to remain strong, albeit over the longer term subject to potential volatility due to the captive's exposure to high severity, low frequency losses in its energy programme.

Stellar's business profile assessment reflects the key role it plays in SAOC's overall risk management framework. As a single-parent captive, Stellar's purpose is to provide transfer solutions for risks emanating from SAOC and its affiliates' operations. Stellar's portfolio is concentrated by line of business, with the majority of premiums represented by energy onshore and offshore property risks, as well as by geography with approximately 84% of premiums associated with risks located in Saudi Arabia.

January 8, 2025

AM Best Assigns Credit Ratings to Eni Insurance S.p.A.

AM Best has assigned a Financial Strength Rating of A (Excellent) and a Long-Term Issuer Credit Rating of "a" (Excellent) to Eni Insurance S.p.A. (EIS) (Italy), a captive of Eni S.p.A. (Eni), a multinational energy company based in Italy. The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect EIS's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management (ERM).

On 1 February 2025, Eni's former captive, Eni Insurance Designated Activity Company (EID), transferred its assets and liabilities to EIS, through a cross-border merger operation, with the latter becoming the new captive insurer of Eni. The aim of the transaction was to redomicile the captive operation of Eni to Italy, where the group is based. EID ceased to exist as a result of the cross-border merger.

AM Best expects EIS's risk-adjusted capitalisation to be maintained with a comfortable buffer at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). An offsetting rating factor in the balance sheet strength assessment is EIS's reliance on reinsurance to underwrite large risks; however, the risks associated with this reliance are mitigated by long-standing relationships with reinsurers of excellent credit quality.

EIS's prospective performance is expected to be strong, in line with the historical performance of EID, evidenced by a five-year weighted average combined ratio of 49.4% (2019-2023), as calculated by AM Best.

Prospective performance is subject to volatility due to potential large losses from the property account. However, underwriting volatility on a net basis should be moderated by the captive's comprehensive reinsurance programme.

As a single-parent captive, EIS is well-integrated within Eni's risk management framework and maintains its active role in overseeing and containing the group's insurance costs. Additionally, the captive enables the group to centralise claims information and establish effective internal reporting for Eni.

EIS has a developed ERM framework, with a clear risk appetite and tolerance levels in place.

February 4, 2025

Domiciles

Bermuda Monetary Authority Has Licensed 10 New Captives This Year

The Bermuda Monetary Authority issued licenses to 10 captive insurers so far in 2024, as the island becomes a larger domicile for the structures.

Between January and October of this year, Bermuda's regulatory agency approved five Class 1 captives, two Class 2, one Class 3 and two Class A, according to its most recent licensing data.

In total, the BMA approved 53 insurance entities in the time frame, including 10 intermediaries. A 2023 Best's Market Segment Report on captive domiciles found Bermuda the second-leading domicile with 10.6% of captives, trailing only Vermont, with 16.1%

Class 1 captives approved by the BMA include: Revias Insurance Ltd; Intimorato Insurance Ltd.; Red Eagle Insurance Ltd.; Mulligan Insurance Ltd., and QFI Risk Solutions (SAC) Ltd, according to the BMA. Class 2 captives included I-RE Insurance Co. Ltd. and Periculum Reinsurance Corporation International Ltd.

Edgware Re Ltd. was the lone Class 3 captive approved and Class A captives included Arrowhead Insurance Ltd. and Suffolk Insurance Ltd., according to BMA reports.

Earlier this year, Lloyd's said it signed a memorandum of understanding with the Bermuda Monetary Authority to collaborate on sharing international insurance expertise (BestWire, May 29, 2024).

The BMA and Lloyd's will work together on regulatory developments, collaboration with Lloyd's Lab programs and educational training and remote learning programs through the Lloyd's Academy, both based in Bermuda and across Lloyd's global network, Lloyd's said in a statement.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com).
November 25, 2024

Vermont Names New Head of Financial Regulation Department; Current Commissioner Retiring

Sandy Bigglestone has been named acting commissioner for Vermont's Department of Financial Regulation, which oversees the state's banking, insurance, securities and captive insurance industries, according to Gov. Phil Scott's office.

She will replace Commissioner Kevin Gaffney, who is retiring at the end of this year, the governor's office said.

Bigglestone served as deputy commissioner of the DFR's Captive Insurance Division and oversaw administration and regulation of captives and risk retention groups, the governor said. She joined the captive division more than 25 years ago and has served as deputy commissioner since 2022 (BestWire, June 3, 2022).

In 2022, Scott appointed Gaffney commissioner for the DFR (BestWire, July 12, 2022). He previously served as deputy commissioner of insurance, a position filled by Emily Brown, who worked as director of insurance regulations at the time. Brown continues to serve as the deputy commissioner of insurance.

Before becoming deputy commissioner of insurance, Gaffney held roles of increasing responsibility at the DFR for more than a decade, including director of the insurance division rates and forms section. He spent more than two decades working in insurance marketing, underwriting and product management positions before joining the regulatory agency.

Gaffney was a strong supporter of the captive insurance industry during his tenure as commissioner, the captive division said in a statement. In August 2023, he called captives an "incubator of innovation" (BestWire, Aug. 17, 2024).

"As insurance challenges arise, I see the captive space being on the leading edge of that innovation," Gaffney told AM Best TV.

(By Steve Hallo, senior associate editor, BestWire: Steve.Hallo@ambest.com).
December 23, 2024

Connecticut Insurance Commissioner: State's Captive Sector Grew 17% in 2024

The Connecticut Department of Insurance approved nine new captive insurers, a year-on-year increase of 17%, as well as 17 captive protected cells during 2024, said Insurance Commissioner Andrew N. Mais.

This marked the fifth consecutive year of captive growth in the state, Mais said, noting the state's growing popularity as a captive domicile is "rewarding but not unexpected."

The 17 new protected cells represented a 64% increase compared with 2023, the insurance department said.

"Connecticut's strong insurance industry ecosystem, timely updated captive legislation and highly skilled professional workforce sets the 'insurance capital' apart from other domiciles," Mais said in a statement.

As Mais alluded, legislative reforms in recent years have made the state more friendly toward captive programs. Changes included allowing captives to work with parametric contracts, updating rules for dormant captives and creating greater flexibility for protected cells (BestWire, June 28, 2023).

The state also altered rules for protected cells in 2024, allowing protected cells within sponsored captive plans to be converted into new, entirely separate captive structures (BestWire, July 19, 2024). These conversions occur without affecting the protected cell's assets, rights, benefits, obligations and liabilities.

Fenhua Liu, director of the Connecticut Insurance Department's captive division, told BestWire the most recent captive changes were made so these programs can evolve alongside a business' risk management needs.

She said the new laws give captive owners more clarity and certainty they could easily convert protected cells if and when they become ready.

"It gives (businesses) more flexibility and more comfort," Liu said. "Then they are encouraged to form more sponsored captives if they need it or add more cells if they need it."

Connecticut lawmakers are looking to make the state even more attractive for captive formation and is also considering ways the state can leverage these insurance structures.

The state's House of Representatives Joint Insurance and Real Estate Committee is looking at a bill that would allow the commissioner to separate insolvent protected cells from any sponsored captive insurance. This would allow the insolvency to be addressed separately from the financial condition of the sponsored captive, according to the bill's text.

The bill would also expand applicable insurance penalty rules to cover captives and clarify conversion rules.

Attempts to gain comment from the Connecticut Insurance Department's captive division on the new legislation were unsuccessful.

Legislation has also been introduced in the insurance committee to create a captive insurer that would make bulk purchases of glucagon-like peptide-1, the expensive and weight-loss drug. The GPL-1 captive would be established with $10 million from the state's general fund and would make the prescription drug available to any state resident meeting certain requirements.

Lawmakers are also considering legislation that would allow the commissioners of insurance and agricultural to conduct a feasibility study regarding a captive to provide coverage for farmers from severe weather.

(By Steve Hallo, senior associate editor, BestWire: Steve.Hallo@ambest.com).
February 6, 2025

Taxation

IRS Finalizes Microcaptives Rule as Tax Preparer Asks Texas Court to Vacate It

The Internal Revenue Service published its final rule covering what it calls "abusive" microcaptives, a regulation that is already being challenged in a Texas court by a tax preparation company.

The rule is designed to end abusive microcaptive structures, which lack many of the attributes of genuine insurance, the IRS said in April 2023 when it first announced the regulations. Insurance regulators, industry groups and captive insurance participants came out against the proposed regulations, saying they went too far and conflicted with laws in some states (BestWire, June 27, 2023).

The final rule requires issuing insurance or annuity contracts to account for more than 50% of the entity's business during the tax year. Reinsurance activities would also meet this requirement.

The entity's contracts must also meet all portions of a four-part test for insurance set by the courts. The test looks at contracts for risk shifting, risk distribution, insurable risk and insurance "in the commonly accepted sense," according to the rule's Federal Register entry. Additionally, net written premiums or direct written premiums, if greater, cannot exceed $2.2 million per taxable year.

Further, a company can be considered a microcaptive listed transaction if it provides certain financing factors or has a loss ratio of less than 65.

While the IRS was finalizing the rule, tax preparer Ryan LLC filed a lawsuit in Texas alleging the regulation violates the Administrative Procedure Act and goes against Congress' expressed encouragement of captive insurance companies, according to the complaint.

As part of its business offerings, Ryan creates and manages captive insurance companies for clients. The tax firm said the rule will cause financial injury as it discourages current and future clients from creating captives.

Attempts to gain comment from insurance trade groups and Ryan were unsuccessful.

(By Steve Hallo, senior associate editor, BestWire: Steve.Hallo@ambest.com).
January 21, 2025

News

Health Care Captive Suing Hiscox Over Alleged Unauthorized Reassignment of Reinsurance

A captive owned by McLaren Health Care Corp. is suing Hiscox Agency Ltd. and MedPro Group Inc. for allegedly breaching a health care reinsurance contract, which later became embroiled in claims related to an outbreak of Legionnaires' disease.

The captive, McLaren Insurance Co., claims Hiscox transferred its reinsurance obligations to MedPro without its consent and notification, according to the complaint filed in U.S. District Court for the Eastern District of Michigan's Southern Division. The company claims it was damaged by the transfer, as MedPro had a "self-interested incentive" to limit its recovery.

This suit started in 2016, when a group of Michigan residents filed claims against McLaren Health Care after they or deceased family members were exposed to Legionella bacteria and eventually contracted Legionnaires' disease.

The health care provider sent notification of the claims to its captive, which in turn contacted Hiscox about the Legionnaires claims, the complaint says. While those claims were being litigated, Hiscox engaged in correspondence with McLaren Insurance and requested documents as part of a claims-handling agreement.

These communications ended in 2022, when Hiscox's correspondences began to be sent by or on behalf of MedPro, which began asserting coverage positions on the Legionnaires claims, according to the complaint. In one instance, MedPro asserted the Legionnaires claims might not be covered.

McLaren Insurance later learned Hiscox and MedPro created an "adverse development cover" document to facilitate the transfer of the reinsurance duties and obligations.

Hiscox disclosed the ADC document to McLaren in 2024, with the former claiming it had given advance notice of the agreement with MedPro and received the captive's consent.

McLaren Insurance requested a copy of the notice and proof of its consent from both Hiscox and MedPro, court documents show. Neither company has provided the requested documents.

In backing up its assertion of breach of contract, McLaren Insurance pointed to wording in its agreement with Hiscox that said: "No original insured, claimant or other third party shall have any rights under this agreement, nor shall this agreement be assignable by the reinsured without the prior written consent of the reinsurer." The only exception to this would be insolvency.

McLaren is asking the court to void Hiscox's agreement with MedPro, make the reinsurer cover its obligations stipulated by the original agreement and cover any attorney fees, costs and expenses that resulted from the breaching the contract.

Attempts to gain comment from McLarens Health Care and Hiscox were unsuccessful.

Underwriting entities of Hiscox Ltd have current Best's Financial Strength Ratings of A+ (Superior) and A (Excellent).

Underwriting entities of MedPro Group have a current Best's Financial Strength Ratings of A++ (Superior).

(By Steve Hallo, senior associate editor, BestWire: Steve.Hallo@ambest.com).
January 9, 2025

Executives

Zurich Captives Group Head: European Regulatory Changes Spark New Interest in Captive Insurance

Adriana Scherzinger, group head of captives, Zurich Insurance, noted France's leadership in making regulatory changes to attract captive formations and mentioned the forthcoming revised Solvency II directive, which is expected to introduce proportionality measures for European-based captives.

View the video version of this interview here.

Following is an edited transcript of the interview.

Q: Over recent years we've seen the number of captives increasing so to what degree can we expect to see that trend continuing and what's underpinning that growth?

A: In the last years, we have observed consistent growth in the use of captives and this growth is not only due to the increasing number of captives worldwide, but also due to a rise in the volumes of premiums on the return by captives which in turn is driven by the challenging risk landscape. The recent hard market has resulted in an increase in the use of captives, alternative risk solutions, both in terms of new captives being established and perhaps more importantly a broader use of existing captives.

I do expect this upward trend to continue in 2025. Captives are playing a more significant role in the traditional P/C lines, but also relating to emerging and difficult to place risks. What is important here is that the trend indicates a growing need for the right partner by your side. Someone who will offer holistic risk solutions and help companies to be created with their risk programs and to address both existing and emerging risks.

Q: Can you tell us a little bit about how changing regulations in Europe and across the world are altering attitudes to captives and their use?

A: The domicile landscape is evolving, and certain domicile, particularly in the U.S., but also in Europe, they are tailoring their regulatory regimes to attract captives. Onshoring is beginning to take off in Europe, and with France leading the way, introducing new regulations to make it more attractive to establish captives.

The Solvency II directive, which will introduce proportionality measures on aspects such as reporting, disclosure and governance for the majority of the European-based captives is expected to be published by the end of this year. In the United States, we continue to observe established domiciles, improved and broadened local legislation to facilitate more innovation and speed up licensing timelines. This is important. In Canada, Alberta, a specific captive insurance company act was introduced two years ago.

Q: You touched on the broadening of use of captives. Can you tell us a little bit about the sorts of companies that are considering using captives and perhaps a little bit about the risks that they're writing about, is that broadening as well?

A: In my opinion, the landscape is changing in several different ways. First, we are seeing new formations, but also why the way array of coverage and exposures faced by organizations being placed into captives. Captives which were considered as a more fallback option are now a mainstream solution embedded in companies' risk management strategy.

Climate risk is impacting everything and has the potential to affect any line of business. For example, climate risk impacts property values, property losses, and eventually also captives. It's very encouraging to see the role that captives are playing in those organizations and is growing. And when it comes to sustainability and ESG initiatives, whether that be in relation to climate risk, net zero transitions and employee benefits and well-being.

Q: In terms of the sorts of companies that are using captives, what changes are we seeing there?

A: In the past, captives were only for the large corporate companies, corporations. In the recent years, we have seen different types of captives and also different structures or way to structure captives or protect sales also and in group captives being more utilized.

Q: One of the things that we alluded to as driving people towards captives is the hard insurance market but equally the reinsurance market is getting hard. How does that affect captives the reinsurance that they're buying?

A: It's normal that the insurance reinsurance market fluctuate for different lines of business and apart from the market situation there are other factors that are affecting the pricing so in face of general availability and uncertainty companies seek strategic and flexible risk management solutions and we appreciate that captive owners continue to use captives as a mean of providing the innovation and flexibility that they need to cover their evolving risks.

Q: Can we talk about life cycle so hard insurance markets don't last forever and potentially at some point captive managers might think or captive owners might think it's more attractive to transfer those risks back into third parties. Can you tell us a bit about that process?

A: Captives are intended as medium to long-term solutions and therefore not solely dependent on the market situation. I think it can be an opportunity for risk managers to work closely with their fronting partners and brokers to explore innovative ways to deal with risk and managing risk is not only about transferring risk to third party, but also about finding ways to manage the risk in a better way and growing resilience.

In my opinion, this is the kind of innovation that creates significant opportunities and through our service, captives can benefit from the overall industry trend. At Zurich, we see captives as a key part of a holistic risk solution. We've been supporting our captive customers for over 30 years through our global network of captive hubs.

View this and other interviews at http://www.ambest.tv

(By Staff Report, bestday_news@ambest.com).
December 26, 2024

RIMS Appoints President for 2025

The Risk Management Society appointed Kristen Peed as president for the 2025 term, effective Jan. 1.

Peed is head of corporate risk at Sequoia, a human resources technology platform and advisory services company headquartered in San Mateo, California. At Sequoia, she is responsible for the placement of Sequoia's corporate insurance programs, claims management, and the implementation of risk mitigation strategies. Additionally, she is a captive leader, receiving accolades for her success including Captive Review's "Top 20 Captive Owners" in 2024 and a nomination to join the International Center for Captive Insurance Education's Board of Directors in 2024, according to a RIMS statement.

Peed has more than 20 years of experience in the insurance industry both on the broker and client side. Prior to Sequoia, she was the director of corporate risk at CBIZ Inc., and part of the risk management teams at Swagelok and STERIS Corp. Earlier in her career, she gained invaluable experience as a commercial lines broker with a concentration in professional and executive liability at BB&T and Oswald Cos., RIMS said.

Peed has been actively involved in RIMS throughout her career, initially as an officer and board member for the RIMS Northeast Ohio Chapter. She joined RIMS global board of directors in 2018 and has served on its executive committee as secretary, treasurer and, most recently, as vice president in 2024, according to the organization.

(By Barbara Edwards, BestWire: Barbara.Edwards@ambest.com).
January 3, 2025

AIG Exec Joins HDI Global UK and Ireland in Newly Created Captives Manager Role

HDI Global in the United Kingdom and Ireland appointed Dan Sammons as captives manager, effective Feb. 3.

In this newly created role at HDI, Sammons brings experience in international programs, captives and alternative risk transfer to further enhance the firm's proposition to deliver strategic long-term growth, the company said. Sammons will report to Oliver Davies, chief distribution officer, HDI Global U.K. and Ireland.

Sammons joins HDI from American International Group, where he held a variety of roles across the alternative risk transfer and captive underwriting units, most recently as head of alternative risk solutions United Kingdom, according to a company statement.

In December, HDI Global U.K. and Ireland appointed Hannah Brooke as head of marine cargo underwriting (BestWire, Dec. 6, 2024).

Underwriting entities of HDI Global parent HDI V.a.G. have current Best's Financial Strength Ratings of A+ (Superior).

(By Barbara Edwards, BestWire: Barbara.Edwards@ambest.com)
January 30, 2025

Willis Names Global Head of ART and Head of Western Europe for Risk & Analytics

Willis, a WTW business, appointed Derrick Easton as global head of alternative risk transfer and head of Western Europe for risk and analytics.

In his new dual role, Easton will focus on growing ART globally, as well as building on the risk and analytics delivery in Western Europe. Easton will report to John Merkovsky, global head of risk and analytics, and Hugo Wegbrans, head of risk and broking Europe, according to a company statement.

Easton has led Willis' ART team in the United States since he joined the company in 2015, demonstrating his deep client focus, collaborative nature and an innovative approach towards growth, according to the company.

Easton started his career in 1994, quickly gaining experience in sales and client service before moving to an alternative risk role at Marsh and, laterally, a role within risk finance, captive consulting and captive reinsurance at Aon, the company said.

In January, Willis appointed Pat Donnelly as the new head of risk and broking, North America (BestWire, Jan. 31, 2025).

WTW is No. 4 in Best's Review's annual ranking of the top 20 brokers with 2023 total revenue of $9.48 billion.

(By Barbara Edwards, BestWire: Barbara.Edwards@ambest.com)
February 5, 2025s

Methodology Sources:

AM Best remains the leading rating agency of alternative risk transfer entities, with more than 200 such vehicles rated throughout the world. For current Best's Credit Ratings and independent data on the captive and alternative risk transfer insurance market, please visit www.ambest.com/captive.

The methodology used in determining these ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of AM Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

View a general description of the policies and procedures used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, please refer to Understanding Best's Credit Ratings.

These press releases relate to rating(s) that have been published on AM Best's website. For additional rating information relating to these releases and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this document, please see AM Best's Recent Rating Activity web page

AM Best does not validate or certify the information provided by the client in order to issue a credit rating.

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AM Best is a global rating agency and information provider with a unique focus on the insurance industry.

News of the Alternative Risk Markets

View the Value of an AM Best Captive Rating

Overviews of Best's Credit Ratings for Captives and Best's Credit Rating Process:

Best's Credit Ratings for Captives: An Overview

Best's Credit Rating Process

Best's Captive Reports:

New Domiciles are Changing the Landscape for the European Captive Insurance Segment

Best's Market Segment Report: Growing Captive Insurance Market Highlights Risk Management Expertise

Best's Market Segment Report: Captive Insurer Numbers Set to Grow in Europe as More Jurisdictions Seek to Lure Companies

Best's Market Segment Report: Captives' Flexibility and Control Enable Them to Outperform Commercial Peers

Market Segment Report: Rated BCIB Captives Continue Strong Performance in Comparison to Commercial Casualty Composite

Best's Special Report: Europe's Captive Segment Poised for Growth Amid Hardening Insurance Conditions

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Market Segment Report: Captive Insurer Numbers Set to Grow in Europe as More Jurisdictions Seek to Lure Companies

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AM Best Briefings:

Captives & Cell Companies: Revisions to 'Alternative Risk Transfer (ART)' Criteria on Vimeo

AM Best's Briefing - Captives' Flexibility and Control Enable Them to Outperform Commercial Peers

Rating a Captive: The Interactive Rating Process from Data Analysis to Rating Committee Decision

Preparing for a Captive Rating Meeting:

Captive Insurance Sample Meeting Agenda for a Best's Credit Rating

Captive Insurance Data Requirements for a Best's Credit Rating

AM Best's latest captive market news, ratings announcements, domicile and regulations, and strategies:

News of the Alternative Risk Markets from AM Best

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