

AM Best

February 2026

News of the Alternative Risk Markets



**Captive
Insurance**

Inside:

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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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Rating Actions

AM Best Affirms Issue Credit Rating of Weston2044 LLC Series Hannover, No. 1 Variable Funding Credit Linked Note

AM Best has affirmed the Long-Term Issue Credit Rating (Long-Term IR) of “a” (Excellent) on the \$1.654 billion, 6.00% Series Hannover, No. 1 variable funding credit-linked note (note), due Oct. 1, 2044, of Weston2044 LLC (Weston2044), a Delaware limited liability company (issuer). The outlook of this Credit Rating (rating) is stable.

The note is in consideration of a variable funding surplus note (VSN) issued by Redding Reassurance Company 4 LLC (Redding Re 4), a Missouri-domiciled special purpose life reinsurance captive insurer and a direct wholly owned subsidiary of Wilton Reassurance Company (Wilton Reassurance). The note supports the excess reserves for a block of universal life secondary guarantee insurance (ULSG) business. Wilton Reassurance assumes the ULSG business via a coinsurance arrangement with Pruco Life Insurance Company, and retrocedes to Redding Re 4. The note has a face amount equivalent to that excess reserve balance, which is also equivalent to the face amount of the corresponding VSN for which the note is exchanged. Wilton Reassurance’s retrocession to Redding Re 4 is on a coinsurance funds-withheld basis.

The note and the VSN have the same interest rate, which is subject to a netting arrangement. Concurrent with the issuance of the note, Weston2044 entered into a risk transfer agreement (i.e., cash-settled ISDA swap) with Hannover Life Reassurance Company of America (Bermuda) Ltd. to provide liquidity for any redemption/monetization of the note.

As of June 2025, statutory reserves, economic reserves and excess reserves of the underlying life insurance business pertaining to the note were in line with the projected results.

The rating represents AM Best’s current opinion as to the issuer’s ability to meet its financial obligations to the noteholders when due. The rating primarily takes into consideration the following: Hannover Life Reassurance Company of America (Bermuda) Ltd.’s Long-Term Issuer Credit Rating (Long-Term ICR) of “aa” (Superior) as the swap counterparty to Weston2044; Wilton Reassurance’s Long-Term ICR of “aa-” (Superior), as the entity provides support for the 250% company action level risk-based capital for Redding Re 4; netting arrangements among transaction parties; the absence of reserves or funds at Weston2044, except funds provided by Redding Re 4; and potential legal risks as it relates to enforceability of the various transaction agreements and potential consolidation issues of various parties.

The Long-Term IR could be upgraded or downgraded, or the outlook revised if material changes occur in the financial condition and ratings of Hannover Life Reassurance Company of America (Bermuda) Ltd. or Wilton Re Group.

November 12, 2025

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 S.A. (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 17.0% return on capital and surplus for

the five-year period ending in 2024, 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 12, 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 indirectly 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. The ratings also reflect, in the form of rating enhancement, Stellar's strategic importance to its parent, SAOC.

Stellar'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 Stellar's risk-adjusted capitalisation to remain at the strongest level, supported by its low underwriting leverage, full earnings retention and a comprehensive reinsurance programme. The company's investment strategy has been simplified, with approximately 80% of assets held in the form of a promissory note from its parent company. Similar to other captive insurers, this strategy increases investment concentration. Terms of the note allows for quick access to funds; liquidity is supplemented by the remaining assets being held in high quality fixed interest securities. Stellar remains reliant on reinsurance to provide high gross underwriting limits, although the associated counterparty risk is mitigated by the use of a diversified panel of financially strong reinsurers.

Stellar has demonstrated strong operating results over recent years, driven by robust underwriting profits in the absence of large losses. The company's three-year (2022-2024) weighted average IFRS 17 net/net combined ratio as calculated by AM Best was 2.4%, including the impact of a large reserve release in 2023, reflecting the company's conservative approach to loss reserving. Stellar's return on equity in 2024 was 12.8%, skewed by its very large capital base. AM Best expects the company's performance to remain strong, although subject to potential volatility in the long term due to its 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 originating 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 89% of premiums associated with risks located in Saudi Arabia.

November 19, 2025

AM Best Affirms Credit Ratings of Ameriprise Financial, Inc. and Its Subsidiaries

AM Best has affirmed the Financial Strength Rating (FSR) of A+ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of "aa-" (Superior) of RiverSource Life Insurance Company (Minneapolis, MN) and its wholly owned subsidiary, RiverSource Life Insurance Co. of New York (Albany, NY). These companies represent the key life/health (L/H) insurance subsidiaries of Ameriprise Financial, Inc. (Ameriprise) (headquartered in Minneapolis, MN) [NYSE: AMP] and are collectively known as Ameriprise Financial Group. Concurrently, AM Best has affirmed the FSR of A (Excellent) and the Long-Term ICR of "a+" (Excellent) of Ameriprise Captive Insurance Company (ACIC) (Burlington, VT), a property/casualty (P/C) subsidiary of Ameriprise. In addition, AM Best has affirmed the Long-Term ICR of "a-" (Excellent) and

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the existing Long-Term Issue Credit Ratings (Long-Term IRs) of Ameriprise. The outlook of all these Credit Ratings (ratings) is stable. (Please see below for a detailed listing of the Long-Term IRs.)

The ratings of Ameriprise Financial Group reflect its balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM).

The balance sheet strength metrics for the RiverSource L/H grouped companies remain supportive of the very strong balance sheet strength assessment. On an enterprise level, the L/H group has taken various steps to de-risk the balance sheet from interest rate volatility, and this has been accomplished through reinsurance, reducing interest sensitive products and offering third-party alternatives for those products. AM Best views the capabilities of Ameriprise's mature risk management program as being supportive of this strategy. The L/H group's operating metrics include continued positive operating net income, growth in premiums, and a return-on-equity ratio well above industry averages (40%). Distribution capabilities are robust throughout the group's adviser channel, leaning on an innovative delivery process and achieving operating efficiencies through its investments in technology. Ameriprise's life and annuity business is complemented by the enterprise's larger asset management businesses in the United States and internationally. As a L/H group, the RiverSource companies not only are diversified geographically across the United States, but also offer investment services in addition to life and annuity products.

The ratings of ACIC reflect its balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, limited business profile and appropriate ERM. ACIC benefits from rating enhancement due to its strategic importance as a single-parent captive insurance provider.

AM Best assesses ACIC's business profile as limited due to its narrow market focus as a single-parent captive serving just one customer (its parent) for a limited amount of exposure. ACIC provides various coverages to Ameriprise in the form of errors and omissions policies, a workers' compensation deductible reimbursement policy, fidelity bonds and property terrorism (nuclear, biological, chemical or radiological). The captive has generated strong operating performance as demonstrated by its five-year average pre-tax return on revenue and equity ratios, which compare favorably with the averages for AM Best's commercial casualty composite. Additionally, ACIC benefits from a very low expense ratio.

The following Long-Term IRs have been affirmed with stable outlooks:

Ameriprise Financial, Inc.

"a-" (Excellent) on \$750 million 5.2% senior unsecured notes, due 2035

"a-" (Excellent) on \$500 million 2.875% senior unsecured notes, due 2026

"a-" (Excellent) on \$600 million 5.7% senior unsecured notes, due 2028

"a-" (Excellent) on \$500 million 4.50% senior unsecured notes, due 2032

"a-" (Excellent) on \$750 million 5.15% senior unsecured notes, due 2033

The following indicative Long-Term IRs have been affirmed with stable outlooks under the current shelf registration:

Ameriprise Financial, Inc.

"a-" (Excellent) on senior unsecured debt

"bbb+" (Good) on subordinated debt

"bbb" (Good) on preferred stock

November 19, 2025

AM Best Upgrades Credit Ratings of Junto Resseguros S.A. and Junto Seguros S.A.

AM Best has upgraded the Financial Strength Rating to A (Excellent) from A- (Excellent) and the Long-Term Issuer Credit Ratings to "a" (Excellent) from "a-" (Excellent) of Junto Resseguros S.A. (Junto Re) and Junto

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Seguros S.A. (Junto Seg) (collectively referred to as Junto). The outlook of these Credit Ratings (ratings) has been revised to stable from positive. Both companies are domiciled in Brazil.

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

The rating upgrades stem from Junto's consistent profitability throughout the years and stable trend in its underwriting ratios supported by a strong capital structure. The stable outlooks reflect AM Best's expectation that Junto will maintain its profitable operating performance contributing to surplus growth needed to support an expanding book of business while maintaining ongoing support from The Travelers Companies, Inc.

Junto Re is classified as a local reinsurer in Brazil and mainly operates as a captive reinsurer for Junto Seg, an organization that has been writing surety directly for more than two decades. Junto Seg is the market-facing company of the group and the leading surety writer in Brazil. The companies benefit operationally from their minority shareholder, Travelers Brazil Acquisition LLC (with a 49.5% ownership), which is owned ultimately by The Travelers Companies, Inc. These benefits include collaboration on ERM, employee development, retrocession placement, claims handling, business development and other operational functions. After a large return of an excess capital payment made to the parent companies, Junto continues to maintain modest underwriting leverage and strong liquidity metrics, with a comprehensive retrocession program, which provides additional capacity and reduces the company's overall exposure. Junto is well positioned to benefit from growth opportunities in the segment, such as performance bonds.

Partially offsetting these positive rating factors is Junto's concentration risk as a surety underwriter with business concentration in a single country. As a result, albeit not likely, restrictive regulatory changes could impair Junto's ability to execute its strategy. Junto's plan to mitigate this risk includes expansion into related lines of business in one of the biggest markets in Latin America through innovative distribution channels.

Junto's strong operating performance results have formed a consistent improvement in its profitability over the past five years in its technical and non-technical accounts, supported by capital adequacy at the strongest levels. The high-interest rate environment in Brazil has aided Junto to increase its financial income and improve its return on equity.

Brazil's surety (re)insurance market continues to be highly competitive, with homegrown and global (re) insurers vying for market share. With Brazil's persistent economic volatility, and meaningful future growth still uncertain, companies continue to seek international expansion, while keeping an eye on opportunities in the (re)insurance market. Surety has been one of the fastest-growing segments in the (re)insurance industry in Brazil.

A factor that could lead to a negative rating action is the volatility in Brazil's macroeconomic conditions, which could contribute to a deterioration of the company's operating performance. Additionally, negative rating actions could happen if changes in the business environment impair Junto's ability to implement its strategy, negatively affecting its business profile. Although unlikely in the short term, positive rating actions could take place if the business profile improves by showing a stable trend in the positioning of the company as the leader in its segment.

November 19, 2025

AM Best Affirms Credit Ratings of Castle Harbour Insurance Limited and Harrington Sound Insurance Limited

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Ratings of "a+" (Excellent) of Castle Harbour Insurance Limited (Castle Harbour) and Harrington Sound Insurance Limited (Harrington). These companies are captive insurance companies of SLB N.V. (SLB). The outlook of these Credit Ratings (ratings) is stable. Both captives are domiciled in Bermuda.

The ratings of Castle Harbour and Harrington reflect the companies' balance sheet strength, which AM Best assesses as strongest, as well as their strong operating performance, neutral business profile and appropriate enterprise risk management (ERM).

Castle Harbour and Harrington are single-parent captives of their ultimate parent, SLB, a global technology company focused on energy innovation. Castle Harbour and Harrington maintain the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), in addition to displaying

excellent liquidity measures. The operating performance assessments of strong reflect the companies' favorable underwriting results driven by excellent loss history and benefiting from inherently low expense structures as single-parent captives. The ratings also take into consideration the captives' strategic importance in providing tailored insurance coverages for the parent and its subsidiaries. While each captive carries relatively large limits within its respective designated coverages for the parent in the general liability and property lines of business, each writes a broad scope of business and has considerable geographic diversification. Each captive also maintains significant retentions within the offered limits, but they are readily manageable within their respective capital bases and organic surplus growth, offset by periodic sizable dividends.

As captive insurers of SLB, the companies are an integral part of the parent's ERM framework, which includes defined risk controls and optimization of the captives' capital. Further, AM Best recognizes the financial flexibility afforded by their parent company, and their strategic importance across SLB.

November 21, 2025

AM Best Affirms Credit Ratings of Saturn Insurance Inc.

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Saturn Insurance Inc. (Saturn) (Burlington, VT). Saturn is a captive insurer of BP p.l.c. (bp) [NYSE: BP], an integrated global energy company. The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Saturn's balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management. The ratings also consider rating enhancement from Saturn's affiliate, Jupiter Insurance Limited, which is the largest captive of the bp group and provides substantial reinsurance support to Saturn.

Saturn's balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level on a standard basis, as measured by Best's Capital Adequacy Ratio (BCAR). The assessment factors in Saturn's small capital base relative to its large underwriting limit, which exposes the captive's risk-adjusted capitalisation to potential volatility. In addition, Saturn has high dependence on reinsurance to protect its balance sheet against high-severity, low-frequency losses. In particular, Saturn has high reliance on the reinsurance cover provided under the United States' Terrorism Risk Insurance Act (TRIA) to offer large gross terrorism limits to bp. Saturn's investments are highly concentrated, with over 99% accounted for by short-term intragroup deposits placed with two bp subsidiaries at year-end 2024.

Saturn has a five-year (2020-2024) weighted average return-on-equity ratio of 4.8%. Earnings are driven by healthy underwriting profitability as demonstrated by the captive's five-year (2020-2024) weighted average combined ratio of 34.8%. AM Best expects Saturn's earnings to remain relatively modest and subject to potential volatility given the large net policy limits it offers compared with its premium base.

Saturn's business profile is assessed as limited by AM Best, reflecting its small and concentrated portfolio of high-risk business derived from the bp group in the United States. The captive's portfolio consists mainly of terrorism cover for TRIA-certified property damage/business interruption insurance, workers' compensation insurance (including terrorism), as well as a small amount of environmental protection and certificate of financial responsibility insurance covers. The captive's gross written premium has decreased by approximately 80% over the last decade, driven by declining insured values due to bp's divestments, lower oil prices and soft market conditions.

November 25, 2025

AM Best Affirms Credit Ratings of Sustainable Assurance Company

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Sustainable Assurance Company (SAC) (South Burlington, VT). The company is a wholly owned captive subsidiary of Lancaster County Solid Waste Management Authority (LCSWMA) (Lancaster, PA). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect SAC'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 (ERM).

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The stable outlooks reflect AM Best's expectation that SAC's balance sheet strength assessment is sustainable with supportive risk-based capitalization; that the captive will continue to generate strong operating performance from results in the near to intermediate term; and that there will not be any change in AM Best's perception of the ability and willingness of SAC's parent, LCSWMA, to support it.

SAC's strong balance sheet assessment reflects the company's very strong risk-based capitalization, as measured by Best's Capital Adequacy Ratio (BCAR). The company's surplus is somewhat small and, therefore, has a high retention to surplus ratio, challenging its capital adequacy in stressed scenarios. That said, the company has high quality capital, a conservative investment portfolio, history of minimal claims, and, ultimately, explicit and implicit support from its parent, for whom it was founded in 2021. The parent company has a long history of successful ERM practices, from which the captive structure emanated, in part as a strategic alternative to the more volatile commercial insurance market. Although the captive is a relatively new legal entity, the parent has favorable legacy experience in the offered coverage lines prior to forming SAC, reflecting prospectively low combined ratios and strong underwriting results. The captive projects underwriting modest profitability in each of the next five years, driven primarily by underwriting performance, supplemented by modest net investment income. Prospectively, SAC plans to grow capital and surplus through internally generated capital from profitable underwriting and overall operations. No dividends are planned.

AM Best assesses SAC's business profile as limited due to its structure as a single-parent captive of LCSWMA. LCSWMA, a municipal authority incorporated in Pennsylvania in 1954, is recognized nationally for its leadership in the solid waste management sector. This concentration results in a relatively narrow product portfolio, with a focus on property and terrorism coverage, and a geographic concentration of exposures primarily in central Pennsylvania.

Positive rating action could occur if SAC's balance sheet strength assessment improves, driven through its ability to grow surplus organically from profitable operations in line with management's projections. Conversely, negative rating action could occur if the company's balance sheet assessment weakens, reflecting higher severity losses than expected or a more aggressive stance in capital management. Negative rating action could occur if AM Best's perception of the parent's ability and willingness to support the captive weakens.

November 26, 2025

AM Best Affirms Credit Ratings of AES Global Insurance Company, LLC

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, LLC (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 inherent to its nature as a single-parent captive. Reflected in the ratings are 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 majority 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 deliver safe, reliable and sustainable energy while helping organizations of all types in their clean energy transitions.

December 3, 2025

AM Best Affirms Credit Ratings of Gaviota 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 Gaviota Re S.A. (Gaviota) (Luxembourg). The outlook of 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 the strongest assessment, as measured by Best's Capital Adequacy Ratio (BCAR), and is expected to remain at this level. An offsetting factor in the balance sheet strength assessment is Gaviota's high level of reinsurance dependence, which is mitigated partially by its long-standing relationships with reinsurers of excellent credit quality.

Gaviota is exposed to credit risk driven by inter-company loans with Repsol, which also acts as a partially offsetting factor in the assessment. As of 31 December 2024, the funds Gaviota allocated to the inter-company loans with Repsol represented 54% of the company's total assets.

Gaviota has a track record of adequate operating performance, evidenced by a five-year (2020-2024) weighted average return on equity of 5.3%, as calculated by AM Best. In 2024, Gaviota reported after-tax profits of EUR 58.7 million (as calculated by AM Best, before movements in equalisation reserves), which are 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 3, 2025

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.

Enel Re's risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), was at the strongest level at year-end 2024, and is expected to be maintained at the same level over the medium term. 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%. In 2024, Enel Re reported a profit before tax of EUR 40.3 million, driven by excellent investment income, which more than offset negative underwriting performance, evidenced by a combined ratio of 104.6% (as calculated by AM Best).

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.

December 4, 2025

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 financial year ending on 31 March 2025 (fiscal-year 2024), the company showed somewhat elevated underwriting risks from significant premium growth during the period, and the company expects to maintain a similar level over the coming years. Despite that, NEWGT is viewed to have enough capital buffer, which is underpinned by its stable internal capital generation and conservative investment portfolio. 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 fiscal-year 2024, while premium income from businesses related to its ultimate parent, ITOCHU Corporation (ITOCHU), and a third-party increased in fiscal-year 2024, net income moderately dropped. This was due to sizeable reserves mainly booked to reflect uncertainty in U.S. tariffs and potential underwriting losses in Thailand from the Myanmar earthquake in March 2024. Going forward, AM Best expects some volatility will accompany the company's expansion plan into non-marine business that carries higher net retention. Nevertheless, NEWGT's operating performance is expected to remain profitable given its 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. While the majority of NEWGT's business is ITOCHU-related marine business, NEWGT has been exploring third-party businesses and diversifying its portfolio into non-marine businesses. 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 deteriorates significantly, such as through heightened underwriting risk or an excessive dividend payout to ITOCHU. 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. Although unlikely in the near term, 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.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

December 4, 2025

AM Best Affirms Credit Ratings of National Grid Insurance USA Ltd

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

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, which is the largest captive of the NG group and provides reinsurance support to NGIUSA.

NGIUSA's balance sheet strength is underpinned by its risk-adjusted capitalisation at the strongest level on a standard basis at fiscal year-end 2025, as measured by Best's Capital Adequacy Ratio (BCAR). However, AM Best notes that the company's 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 mitigated partially by the strong credit quality of the reinsurance panel.

NGIUSA has a track record of strong operating performance, generating a five-year (2021-2025) weighted average return-on-equity ratio of 5.9%. Results over the cycle have been underpinned by good underwriting performance, albeit subject to volatility, as demonstrated by a significant loss resulting in a combined ratio of 189.3% for 2025. The captive reported a healthy five-year (2021-2025) weighted average combined ratio of 59.0%. Prospectively, AM Best will continue to monitor volatility in NGIUSA's underwriting performance over the longer term, given its high net line sizes relative to its premium base.

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

December 4, 2025

AM Best Upgrades Issuer Credit Rating of Ikal Insurance Company AG

AM Best has upgraded Long-Term Issuer Credit Rating (Long-Term ICR) to "bbb+" (Good) from "bbb" (Good) and affirmed the Financial Strength Rating of B++ (Good) of Ikal Insurance Company AG (Ikal) (formerly Kot Insurance Company AG) (Switzerland). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Ikal'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. The ratings also reflect a rating drag due to the company's association with its parent, Petroleos Mexicanos (PEMEX). Ikal is the captive reinsurer of PEMEX, Mexico's state-owned oil and gas company.

The upgrade of the Long-Term ICR reflects improvements in PEMEX's credit profile due to its parent, Mexico's government, committing to a range of financial support measures for the group. PEMEX's credit profile remains weaker than Ikal; however, the captive continues to benefit from the robust regulatory regime in Switzerland, with strict requirements for capital adequacy and corporate governance, which are expected to support Ikal's prospective financial strength and independence.

Ikal's balance sheet strength is underpinned by its risk-adjusted capitalization at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). AM Best expects Ikal 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 strength factor is the captive's dependence on retrocession coverage, driven by the large policy limits it offers to PEMEX. However, the associated credit risk is partly mitigated by a diversified retrocession panel and long-standing relationships with reinsurers of sound credit quality. In addition, Ikal is subject to the credit risk of its parent as the captive extends a large recurring loan to PEMEX, which is settled yearly.

Ikal has a track record of strong operating performance, generating a five-year (2020-2024) weighted average return-on-equity ratio of 11.0%. Results over the cycle have been underpinned by good underwriting performance, albeit subject to volatility, as demonstrated by a significant loss resulting in a combined ratio of 90.5% for 2024 (as calculated by AM Best). The captive reported a healthy five-year (2020-2024) weighted average combined ratio of 68.4%. Prospectively, AM Best will continue to monitor volatility in Ikal's underwriting performance over the longer term, given its high net line sizes relative to its premium base.

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

December 5, 2025

AM Best Assigns Credit Ratings to Sky Reinsurance Ltd.

AM Best has assigned a Financial Strength Rating of B+ (Good) and a Long-Term Issuer Credit Rating of "bbb-" (Good) to Sky Reinsurance Ltd. (Sky Re) (Barbados). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect Sky Re's balance sheet strength, which AM Best assesses as strong, as well as its

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adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

The ratings also reflect Sky Re's affiliation to its organization and parent company, G.B. Group Corporation, in terms of capital support, ERM framework and overall strategies and objectives.

Sky Re is registered as a single-parent captive reinsurer under the Barbados' insurance law. G.B. Group Corporation is a pure holding company registered in accordance with the laws of the Republic of Panama. Sky Re's business model is to reinsure insurance policies generated by subsidiaries of G.B. Group Corporation. AM Best recognizes Sky Re's strategic role in its group's overall strategy; however, Sky Re's business profile is considered limited given the nature of its operation, which limits its accessibility to other markets when compared with other reinsurers.

The ratings also reflect Sky Re's strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), and its balance sheet strength assessment at the strong level that considers the size of its capital base. The company shows sound operating performance and its affiliation with G.B. Group Corporation provides synergies and operating efficiencies, which reflect its consistent premium sufficiency metrics since it started operations.

AM Best expects Sky Re will remain at the strongest level of risk-adjusted capitalization, considering its premium growth targets, conservative investment strategy, as well as its sound underwriting practices that generate a sound level of bottom-line results.

Positive rating actions could take place if Sky Re's capital base increases while maintaining its risk-adjusted capitalization at the strongest level. Factors that could lead to negative rating actions include an adverse change in AM Best's perception regarding the level of the company's strategic importance to G.B. Group Corporation and its organization. Negative rating actions could also take place if Sky Re's balance sheet strength deteriorates to a level not supportive of the current assessment.

December 11, 2025

AM Best Revises Outlooks to Positive; Affirms Credit Ratings of Sapphire Reinsurance Company

AM Best has revised the outlooks to positive from stable and affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of Sapphire Reinsurance Company (Sapphire) (Cayman Islands).

The Credit Ratings (ratings) reflect Sapphire's balance sheet strength, which AM Best assesses as strongest, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

The outlooks revised to positive from stable reflect Sapphire's positive operating performance driven by ongoing underwriting discipline and operational efficiency. AM Best's expects the favorable trend in operating performance to continue while maintaining the current assessment of balance sheet strength.

Sapphire was incorporated on September 6, 2005, and operates subject to the provisions of the Companies Act of the Cayman Islands. The company is a captive reinsurer related to a large privately owned conglomerate with operations across multiple business sectors in Latin America, including industrial, motor, textile, pipe manufacturing, public transport and waste management. It provides coverage through reinsurance and retrocession agreements with duly registered and approved reinsurers in jurisdiction where the underlying risk is located, such as Colombia, Chile and El Salvador.

At end-year 2024, the portfolio is highly concentrated with 86.2% of gross premiums written in Colombia, followed by 12.9% in Chile and 0.9% in El Salvador. Within the business mix, motorcycle insurance stands out, representing the bulk of the portfolio with 59.5% of net written premiums, followed by auto at 28.5%, life group at 7.6%, marine at 1.6%, material damage at 2.5% and machinery and equipment at 0.2%. Due to the concentration levels in the portfolio, as well as its limited commercial scope as a captive, AM Best assesses Sapphire's business profile as limited.

Sapphire's balance sheet strength assessment of strongest is supported by its risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR). The assessment also factors in its stability and constantly growing capital base supported by the reinvesting of earnings and characterized by responsible asset-liability management and a low underwriting leverage, as well as a strong liquidity position.

The company continues to strengthen its operating performance, maintaining positive results driven by sound technical efficiency. Over the last five years, the combined ratio has consistently remained below 100%, averaging

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44.5%, reflecting effective expense management and loss ratios that demonstrate discipline underwriting. While investment activity continues to support profit growth, Sapphire's profitability is primarily driven by its solid operational performance. AM Best expects Sapphire to maintain premium sufficiency, supported by disciplined underwriting.

AM Best considers Sapphire's ERM to be appropriate as it has defined policies and procedures, which are attached to its risk tolerance adopting a conservative approach that is continuously monitored.

December 11, 2025

AM Best Takes Various Credit Rating Actions on Elevance Health, Inc. and Most of Its Subsidiaries

AM Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long-Term ICRs) of "a+" (Excellent) of the core Blue Cross Blue Shield (BCBS)-branded insurance subsidiaries of Elevance Health, Inc. (Elevance) (Indianapolis, IN) [NYSE: ELV], as well as most of its non-Blue-branded subsidiaries. In addition, AM Best has upgraded the FSR to A (Excellent) from A- (Excellent) and the Long-Term ICR to "a+" (Excellent) from "a-" (Excellent) of Wellpoint Life and Health Insurance Company and Wellpoint West Virginia, Inc. These companies collectively are referred to as Anthem Health. At the same time, AM Best has affirmed the Long-Term ICR of "bbb+" (Good), the Long- and Short-Term Issue Credit Ratings (Long-Term IR; Short-Term IR) of Elevance and the Long-Term IR on the existing surplus notes of Anthem Insurance Companies, Inc. (Indianapolis, IN).

Concurrently, AM Best has affirmed the FSR of A- (Excellent) and the Long-Term ICR of "a-" (Excellent) of WellPoint Insurance Services, Inc. (WISI) (Honolulu, HI). The outlook of these Credit Ratings (ratings) is stable.

Lastly, AM Best has removed from under review with positive implications and upgraded the FSR to A (Excellent) from A- (Excellent) and the Long-Term ICR to "a" (Excellent) from "a-" (Excellent) of Granular Insurance Company (Granular) (Charleston, SC). The outlook assigned to these ratings is stable.

The ratings of Anthem Health reflect the group's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, favorable business profile and appropriate enterprise risk management (ERM). In addition, the ratings of Wellpoint Life and Health Insurance Company and Wellpoint West Virginia, Inc. were upgraded due to its strategic importance as medical and stop-loss entities in the organization.

Anthem Health's rating affirmations reflect its very strong balance sheet strength assessment, which has been driven by the group's favorable operating performance and strong cash flow trends. The group's risk-adjusted capitalization is considered very strong, as measured by Best's Capital Adequacy Ratio (BCAR). Furthermore, Anthem Health has continued to report consistent capital and surplus growth, driven by favorable net earnings, which has outpaced premium growth consistently and led to increased absolute and risk-adjusted capitalization. Anthem Health's invested asset portfolio has been relatively conservative and mainly composed of investment grade fixed income securities, cash and short-term investments, as well as minor allocations to alternative invested assets.

AM Best recognizes that Anthem Health's current level of liquidity was sound through 2025. The group has access through its holding company to a \$5 billion revolving credit facility and a \$5 billion commercial paper program (with a combined maximum of \$5 billion capacity to borrow between the two programs). Anthem Health also has access to Federal Home Loan Bank (FHLB) program borrowings through its insurance subsidiaries and had approximately \$180 million in outstanding FHLB loans as of September 2025.

Anthem Health's financial leverage at Elevance increased to approximately 42% and AM Best expects financial leverage to decline slightly and return to Elevance's targeted 40% level by year-end 2025. Moreover, Elevance has been active in small and mid-sized acquisitions over the past years, expanding its presence in various insurance markets and building stronger nonregulated and vertical integration capabilities. However, while financial leverage remains within an acceptable range, AM Best considers Elevance's goodwill and intangibles to equity as high, at over 90% through September 2025. AM Best acknowledges that a portion of the intangibles is the BCBS trademarks, which are required to operate as a BCBS-branded entity. Furthermore, Elevance has demonstrated strong interest coverage through 2025. Cash flows from its regulated and nonregulated operations also have been very good and generally increased over the past five years.

Moreover, Anthem Health's operating performance is considered strong, with the company reporting consistent premium growth and solid earnings, although some lines of business will remain challenged for the remainder of 2025 and throughout 2026. In addition, profitability ratios remain strong, as measured by its return-on-revenue and return-on-equity metrics through 2025. Premium growth has been driven by enrollment gains in most of its lines of business.



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The company's operating earnings benefit from its sizeable overall membership and the related economies of scale, which benefits its medical expenditures and administrative expenses metrics. However, the company's Medicaid membership has declined with the advent of state re-determinations of eligibility, which continued in 2025.

Anthem Health's vast and diversified product offerings remain the basis for its favorable business profile. The group has good geographic diversity, as Elevance operates BCBS plans in 14 states, as well as its non-Blue branded with the WellPoint entities. Anthem Group continues to benefit from strong brand name recognition and a leading market share in the majority of these BCBS states. Additionally, the Elevance companies have a strong presence in the national account/BlueCard market segment and there has been a significant expansion of individual exchange product offerings over the past few years. Wellpoint entities operate in an additional 12 states in the Managed Care Medicaid segment, further expanding Anthem Health's footprint. In addition, various nonregulated business in the Anthem organization, including pharmacy benefit management, complex and home care management and behavioral health administration, add a competitive advantage in all lines of business and allow for cost efficiencies. Over the years, WellPoint entities have been assuming a large volume of Medicaid premium from various Elevance affiliates. Most recently, WellPoint terminated a few contracts, which is expected to have some near-term impact on its overall operations.

Moreover, Anthem Health's ERM is managed at the ultimate parent level, but it has local functionality as well. The ERM program is well-established and is coordinated at the corporate level. Elevance's ERM is considered appropriate for its risk profile but has a lower level of sophistication when compared with some of its peers. Risk identification and reporting are completed on a regular basis, and ERM is incorporated into the corporate strategic planning. There is established oversight and monitoring of the ERM program.

Furthermore, the ratings of WISI reflect its balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, limited business profile and appropriate ERM. In addition, the ratings also factor in WISI's strategic importance to the parent.

WISI's rating affirmations reflect its risk-adjusted capitalization at the strongest level at year-end 2024, as measured by BCAR, driven mainly by an improved capital position. WISI's capital growth was supported by its consistent positive earnings and no dividends to the parent company through third-quarter 2025. Elevance has demonstrated explicit and implicit support of WISI in past years. WISI benefits from the parent's operational resources and expertise. WISI's importance to the parent has increased in recent years as the volume of business in the core and the cell has expanded.

WISI is a Hawaii-domiciled captive and a wholly owned subsidiary of Elevance. WISI was established nearly two decades ago primarily for the purpose of formalized self-insurance and an instrument of corporate risk management. In the past several years, Elevance expanded the volume of excess managed care errors and omission (E&O) coverage placed with WISI as the market for this line of business has hardened considerably. In addition, WISI established a segregated cell to assume Federal Employees Health Benefits Program (FEP) premium from Elevance affiliates to optimize capital at statutory entities a few years ago. Furthermore, the cell structure provides a formal separation of FEP from other WISI businesses, provides transparency for Hawaii's regulators and allows for potential future WISI expansion into assuming other health lines. WISI's core operations in the protected cell - FEP premiums - continue to drive revenue and earnings for the company. The core corporate insurance lines of business - workers' compensation and E&O - have posted fluctuating operating results, including lower operating losses over the past couple of years. These results have been driven in part by fluctuations in claims severity and increases in coverage limits, which resulted in the need for reserve strengthening in recent years. WISI expects the consolidated financial performance of the company to be stable in the current year.

WISI's capital growth was supported by its consistent positive earnings and no dividends to the parent company through third-quarter 2025. Elevance has demonstrated explicit and implicit support of WISI in past years. WISI benefits from the parent's operational resources and expertise. WISI's importance to the parent has increased in recent years as the volume of business in the core and the cell has expanded.

Furthermore, the ratings of Granular reflect its balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate ERM. In addition, the ratings also factor in Granular's strategic importance to the parent.

Granular's ratings reflect its risk-adjusted capitalization at the strongest level at year-end 2024, as measured by BCAR, driven mainly by its capital position. Granular transfers 80% of its risk to an affiliated entity, GranularRe, Inc. (GranularRe), to maintain sufficient risk-adjusted capitalization as it grows business. The rating upgrade of Granular reflects the company's strategic position as part of the Elevance/Anthem organization. Both Granular and GranularRe benefit from the implicit and explicit support of their new ultimate parent. Elevance has shown its willingness to support the two entities and intends to maintain the strongest level of risk-adjusted capitalization collectively between

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them, as it evaluates alternative capital support for this stop loss business and as the business is strategically integrated into the organization.

A complete listing of Elevance and its subsidiaries' FSRs, Long-Term ICRs and Long-Term IRs also is available.

December 12, 2025

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, as well as being established core elements in Phillips 66's overall risk management program. The captives' loss experience have remained generally favorable due to their 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 the parent's commitment to safety.

The captives' underwrite risks that largely consist of onshore and limited offshore property and liability businesses. 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. Premium and exposures for Radius have decreased since removing U.K. property exposures from the captive in 2022.

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 the parent, which is heavily mitigated by reinsurance protection under the federal Terrorism Risk Insurance Program Reauthorization Act, which currently expires in 2027.

December 12, 2025

AM Best Affirms Credit Ratings of Guaranty Income Life Insurance Company, United Life Insurance Company, Kuvare Life Re Ltd. and Lincoln Benefit Life Company

AM Best has affirmed the Financial Strength Rating (FSR) of A- (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of "a-" (Excellent) of Guaranty Income Life Insurance Company (headquartered in Baton Rouge, LA) and United Life Insurance Company (Cedar Rapids, IA), collectively, referred to as Kuvare Retail Group. In addition, AM Best has affirmed the FSR of A- (Excellent) and the Long-Term ICR of "a-" (Excellent) of Kuvare Life Re Ltd. (Kuvare Life Re) (Bermuda). The outlook of these Credit Ratings (ratings) is stable.

Lastly, AM Best has affirmed the FSR of B++ (Good) and the Long-Term ICR of "bbb" (Good) of Lincoln Benefit Life Company (LBL) (headquartered in Rosemont, IL). The outlook of these ratings has been revised to stable from negative.

The ratings reflect Kuvare Retail Group'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 (ERM).

The ratings of Kuvare Retail Group recognize its solid operating improvements over the last several years, including premium growth in its key annuity products and stable operating profile with strong operating returns. AM Best also notes the recent key initiatives that have improved capitalization and leverage. Going forward, AM Best expects the organization to have a measured approach to growth within future risk-based capital limits.

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The ratings of LBL reflect its balance sheet strength, which AM Best assesses as adequate, as well as its adequate operating performance, limited business profile and appropriate ERM.

LBL's ratings recognize the continued capital support required for its captive reinsurer, Lancaster Re Captive Insurance Company, and the resulting impact that it has had on LBL's capital flexibility. There has been a history of deterioration in the company's capital trends due to underperformance in the runoff of its universal life with secondary guarantees business. Mitigating factors include actions the company has been taking to manage the impacts of the legacy block of business on financial results going forward.

The ratings of Kuvare Life Re reflect its balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate ERM.

December 17, 2025

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 is a single-parent captive of Telefónica, S.A. (Telefónica), a multinational broadband and telecommunications provider, headquartered in Spain.

NCRE's balance sheet strength assessment is underpinned by its strongest level of risk-adjusted capitalisation, on both a standard and catastrophe-stressed basis, as measured by Best's Capital Adequacy Ratio (BCAR), supported by capital buffers in the form of equalisation reserves. The assessment also reflects NCRE's conservative and liquid investment portfolio. 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 2024, NCRE generated a pre-tax profit of EUR 21.7 million compared with EUR 21.1 million in 2023 supported by a robust underwriting performance and solid non-technical profits. NCRE's combined ratio stood at 63.7% at year-end 2024 (as calculated by AM Best). Prospective performance is subject to potential volatility due to exposure to catastrophe events.

NCRE is well entrenched in Telefonica's risk management framework reflecting its strategic importance to the group as a cost-effective risk management tool. NCRE maintains a broad portfolio mix and benefits from Telefonica's geographic diversification, but as a pure captive its business profile remains constrained to Telefonica's operations and strategic decisions. AM Best notes that the ongoing spin-offs of Telefónica's businesses in Latin America (except for Brazil) could impact the captive's profile, shifting its natural catastrophe exposure, among other impacts.

December 17, 2025

AM Best Assigns Credit Ratings to CareSource Reinsurance LLC

AM Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of "a-" (Excellent) to CareSource Reinsurance LLC (CareSource Re) (Helena, MT). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect CareSource Re's balance sheet strength, which AM Best assesses as strongest, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

CareSource Re is a captive subsidiary of CareSource, a not-for-profit managed care company headquartered in Dayton, OH. CareSource Re was created in 2012 to provide medical stop-loss reinsurance for affiliated health plans. Under the reinsurance agreement, CareSourceRe serves as a direct reinsurer to PartnerRe, who provides reinsurance coverage to the affiliated health plans of CareSource Re and cedes a portion of the risk to the captive company. CareSource is one of the largest Medicaid managed care organizations in the nation. The company offers Medicaid, Medicare and Individual Marketplace products across its numerous affiliated health plans and has approximately two million members. AM Best assesses CareSourceRe's business profile as limited given its concentrated business production.

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CareSource Re's balance sheet strength is underpinned by its risk-adjusted capitalization, which is at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR). The company has consistently reported solid levels of capital over the last few years with growth driven by retained earnings, offset by dividends to the parent. Invested assets are very liquid and conservative, held mostly in fixed income securities, as well as cash and short-term. The ratings also reflect the financial flexibility and strong liquidity position of CareSource

CareSource Re has reported a positive, albeit fluctuating, operating performance with a five-year average return on equity of close to 58%. Volatility in operating results are expected to be impacted by claims volume and severity. However, operating profitability is expected to remain favorable over the medium to long term.

CareSource Re's ERM is managed at the ultimate parent level, but it has local functionality as well. The ERM program is well-established and is coordinated at the corporate level. The company's ERM is considered appropriate for its risk profile. Risk identification and reporting are completed on a regular basis, and ERM is incorporated into the corporate strategic planning. There is established oversight and monitoring of the ERM program.

January 27, 2026

AM Best Revises Outlooks to Positive for Federated Underwriting Company

AM Best has revised the outlooks to positive from stable and affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of Federated Underwriting Company (Federated) (Colchester, VT).

The Credit Ratings (ratings) reflect Federated'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 credit enhancement received from its ultimate parent, State Street Corporation (State Street) [NYSE: STT].

This single-parent captive was formed and capitalized in 2019 as part of State Street's alternative risk financing strategy in the wake of significant price firming in the insurance market. AM Best considers Federated's business profile to be limited, and its sole purpose is to write specific risks related to State Street's insurance programs. Federated's historical operating performance has been assessed as adequate, which reflects AM Best's neutral position until Federated's business further matures and evolves. Consideration continues to be given to management's projections and its ability to execute on these projections in conjunction with Federated's overall mission and business plans.

The positive outlooks reflect AM Best's expectation that the captive will continue its solid operating performance, keep within its business plan, adhere to a level of capital supportive of its very strong balance sheet strength assessment and remain closely aligned with its parent, State Street, for which it also receives rating enhancement.

Finally, the ratings include a level of credit enhancement from State Street, one of the world's largest financial service organizations. AM Best believes that given the captive nature of the business being insured, the interests of State Street and Federated are aligned directly, and additional capital and financial flexibility are available, if necessary.

February 13, 2026

Domiciles

Michigan Lawmakers Debut Captive Insurance Legislative Package

The Michigan House of Representatives is considering a seven-bill legislative package that would modify rules for forming and operating captive insurers, regulations for special purpose captives and provisions covering sponsored captives, among other updates.

The package is a reintroduction of legislation from the 2023-2024 session, a legislative analysis of the bills said. A summary of that legislative package said the overarching goal was to modernize Michigan's captive laws and make the state a more attractive domicile.

House Bill 5380 would remove current provisions defining sponsored captive insurance companies, barring risk retention groups from being a sponsor or participating in a sponsored captive insurer and guiding business written for

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protected cells, according to a summary of the package. Instead, sponsors of a captive would need to be approved by the director of the Michigan Department of Insurance and Financial Services. The director would have to consider the proposed sponsor's type and structure, experience, financial stability and strength, business reputation and other relevant factors.

Definitions for "participant" and "participant contract" would be updated by HB 5381 to clarify that the rules also apply to multiple entities or participants by replacing singular terms with their plural equivalents, the summary said.

HB 5382 would change submission deadlines for special purpose financial captives to submit statements of operation with the regulator, the summary said. Instead of March 1 each year, the statements would need to be filed within 60 days of the end of the SPFC's fiscal year. Calculations in these filings would be changed to a fiscal year basis, as opposed to the current calendar year, to reflect the change.

Fees for SPFCs would be updated by HB 5383. The bill would lower the limited certificate of authority application fee from \$10,000 to \$5,000 for certain SPFCs. The renewal fee would become due within 90 days of the end of the entity's fiscal year instead of the current deadline of March 1.

HB 5384 would allow captives to insure risks of affiliates or controlled but unaffiliated business. Current code only allows participants to cover their own risks through captive insurers without regulator approval.

HB 5385 would let captive insurers offer first-dollar workers' compensation, allow original financial records to be kept outside of Michigan under certain conditions, lower application fees and allow each certificate of authority to remain valid for 90 days after a captive's fiscal year ends.

The bill would also get rid of Michigan's requirement that captives hold at least one in-state board meeting annually. This is a move David Piner, captive director for Michigan's insurance department, signaled as an important change, along with lower application fees (BestWire, Aug. 18, 2025).

"Again, we would love for people to come to Michigan, but we're not going to put a gun to their head saying they have to have a meeting here once a year," Piner told AM Best TV.

He also said some of the other updates were needed because current definitions are too narrow and prohibitive to forming cell captives.

If enacted, HB 5386 would require captive insurers to file audited financial statements with the DIFS director within five months of end of the company's fiscal year, the summary said. The bill would also make renewal fees due 90 days after the fiscal year ends instead of March 1.

Generally, the legislative package is expected to have a minimal fiscal impact, but the regulator could see a dip in revenue from the lower application processing fees, according to the summary. How much revenue is lost will depend on the number of applications. Changes to fees for SPFCs would not have any impact as none of these entities currently operate in Michigan.

Attempts to gain comment from members of the House Insurance Committee sponsoring the legislation were unsuccessful.

December 17, 2025

Delaware Captive Director: Tariff Volatility Highlights Captive Solutions for Supply Chain Risks

Stephen Taylor, captive director, Delaware Department of Insurance, said captives help cover business interruption and supplier risks. Taylor spoke with AM Best TV at the 2025 Vermont Captive Insurance Association Conference, Burlington.

Following is an edited transcript of the interview.

Q: With tariff-related costs becoming increasingly unpredictable, how are captives helping companies address this volatility?

A: I'm still trying to figure out how to address the volatility for myself personally. It's been a challenge. I think businesses are kind of having a hard time with it, and captives are kind of there to help out.

But in terms of the tariffs themselves, they're increasing their costs. Folks that have issues with increased cost of

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claims and there are also increasing claims and also possibly increasing cost of claims, but the captive's going to kind of serve as a solution to some of the tariffs and can help mitigate some of their issues where they can write some coverages.

For example, where tariffs may impact supply chains because, depending on the countries and the amount of tariffs, they may be moving things, and they might actually lose a key supplier. We've had some captives providing business interruption insurance, as well as key supplier and supply chain. We're kind of helping in that sense.

Also, a captive mitigate in terms of providing funding. They can be used to mitigate some funds, mitigate risk, also allow the business maybe to avoid certain issues that are impacted by tariffs. For example, redoing business plan changes, maybe looking at key suppliers, maybe redoing how they do processing, looking for additional other inputs. Again, those inputs that may not have those tariffs attached to them, but it's becoming a big issue.

Q: How are new IRS microcaptive regulations affecting captive formations?

A: We were mostly happy as the IRS finalized the rules and heard some of the comments that they received with respect to proposed rules, which were really stringent arbitrary, in terms of some of the testing that would make those regulations apply to captives.

Again, the regulations, what they do is they provide a test where certain microcaptives, those are small ones that elect under A31B of the Internal Revenue Code, and it's sort of like if they have premiums up to about \$202.8 million now, those are small captives. They classify some of those, depending on tests, as either a listed transaction where it's perceived to be an abusive tax avoidance, or a transaction of interest where they red flag it for maybe additional research has to be done to see whether or not it's an abuse type of transaction.

The proposed rules are really kind of stringent and overbroad. When they finalized the rules in January, they kind of narrowed the breadth of the regulation. It's a little bit less-stringent list of transactions, generally of those going to be where the loss ratio is less than 30% and they have a financing transaction type of like a loan back or a guarantee by the captive.

Then a transaction of interest is the same thing in terms of financial test, but it's both, it's either/or. A financial transaction or the loss ratio is less than 60%. That's a little better, but in terms of impacting captives, some of the smaller companies probably also are going to have a harder time because it does increase the compliance cost. Because if you're a listed transaction or a transaction of interest, you have additional disclosure requirements by the taxpayer as well as the material advisers to the transaction.

That increases costs, and then with the way they did the rules, they could be retroactive in application. They would have to go back and disclose whether or not those transactions were met and elicit transactions or transactions of interest, going back to all the years that a tax return is open. That's an additional cost.

Q: How are Delaware captives evolving to address emerging risks, such as cyberthreats, extreme weather, social inflation, geopolitical tensions, and other industry headlines?

A: The nice thing about captives is they can help they can help businesses address emerging trends by customizing coverage.

In terms of cybersecurity, we're seeing more of our captives providing cyber insurance coverage. We're going to help with those kinds of risks, as well. Then we're also seeing in terms of maybe some of the social inflation issues. We're seeing director and officers increase liability coverage there as well as increasing general liability.

Maybe they might do with difference in conditions or excess liability just to address some of those larger judgments that some companies are facing.

Q: What emerging risks are driving interest in new captive formations?

A: I think terms of cybersecurity is sort of a big issue for us. The pandemic-related and now tariff-related impacts where you have business interruption coverage, you would have coverage for supply chain issues, disruption, loss of key suppliers. We're also seeing the increase in costs of employee benefits.

We're seeing a number of captives coming in looking for coverage for medical stop loss, for example. We've actually had some interest looking at pension risk transfer. Again, just the cost of employee benefits and then there's things keep going up in terms of cost. You probably see more of that as businesses struggle to provide medical care to their employees.

Q: Looking ahead, what opportunities and challenges lie ahead for Delaware's captive insurance market over the next

one to three years?

A: I'll start with opportunities first. I always like to go positive since we start off with little negatives and tariffs and additional regulations. You heard the federal government is now looking at and exploring whether or not to change the classification of marijuana on the drug schedule. That's helpful because a lot of states have legalized it, but those businesses have challenges in getting the insurance, and that would be helpful in that sense. I think some opportunities in the D&O space.

I think the rise of AI, which is fun and fascinating and helpful, can also be dangerous in terms of some kind of security concerns, privacy issues, copyright or just or in exposures to the business. They may want to have additional director and officers coverage.

Employee benefits it's the same thing that's increasing as are environmental concerns, for example, like remediation. We're looking at maybe some surety issues. We also have a couple of captives who are doing solar power. Again, in that renewable space as well.

Q: How about challenges?

A: Big challenges we're still having is talent and human resources. I walk around at the great VCIA here, and we're all going to get a little older, me too. Get a little older and we'll get some younger people in. All the challenges on talent, but also, I know the industry is challenged as well and I think people hear insurance sometimes and are not excited. I'm always excited it's a fun place so that's a big challenge.

Regulatory issues, we got again the into the revenue service that increased scrutiny. Hopefully, they could maybe scale some of that back in that perhaps the advisers don't have to do disclosure. Maybe just the owners and then taxpayers and then that way that can reduce some of that. You have some international standards where they're looking at capital and solvency, and that could impact captives.

Another example is the cover agreement that the U.S. entered into with the EU. That impact of the reinsurance so that might impact how some captives work as well. There's some challenges there and then again, I think AI and to have to keep an eye on that and how that might impact coverages, impact how captives work.

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

December 24, 2025

Campbells Partner: Cayman Regulator Plans New Insurance Licenses

Tim Dawson, partner, Campbells LLP, said regulators are expected to introduce new licenses for reinsurance brokers, managing general agents, and a captive class for medium and large reinsurers by 2026. Dawson spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: You presented here at the forum. Can you tell us a little bit about the focus of that discussion and the message that you shared with the audience?

A: I was on a panel discussing regulatory trends. I'm a lawyer, so I was focused more on the legal updates. I think the first key point is that the jurisdiction, there haven't actually been major changes to the financial services

legislation over the last few years. There were some quite big changes between, call it, 2013 and 2020. 2020 was probably the last year we had a really big change, and that was requiring private funds to register.

The reason that's interesting is twofold, one, because although 12,000 or so funds registered in 2020, we're now up to north of 17,000. It shows both the amount of private capital, which flows through the Cayman Islands structures, but also the fact that the additional regulation didn't have a huge impact on the use of the jurisdiction.

Q: As the regulatory environment continues to evolve. What were the most significant regulatory updates for Cayman captives in 2025?

A: Well, as I say, nothing very concrete so far. CIMA (the Cayman Islands Monetary Authority), which is the regulator, released some draft updated rules on actuarial valuations. That's really a relevant only to life companies. That's still open to consultation, which is open until February.

Q: What role does governance play in ensuring regulatory compliance for captives?

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A: There's two ways of looking at it. On the one hand, CIMA's got fairly prescriptive rules on corporate governance, which every kind of licensed Cayman insurer would need to follow. But on the other hand, those rules aren't there just for the sake of it. The whole point is for boards to ensure that there's proper governance of the insurance companies for which they act as directors, is to ensure that there are no major breaches of regulation.

Q: Regulators and industry stakeholders often work together to balance oversight with innovation. How do Cayman regulators collaborate with the industry to support innovation?

A: There's a lot of meetings. They're at least quarterly meetings between the kind of Cayman insurance regulators and the professional bodies. There's IMAC (Insurance Managers Association of Cayman) on the one hand representing captives. We've also got a body representing the reinsurance industry. CIMA engages with them fairly frequently and with a view to ensuring that regulation kind of meets market requirements. In addition to that, CIMA is very good at going abroad, meeting not only with other regulators, but also attending road shows and conferences.

Q: Looking ahead, what regulatory development should captives prepare for in 2026 and beyond?

A: There are some initiatives that that seem we're looking at putting into place. These are all subject still to consultation. It hasn't been released yet. But there's an idea to kind of revamp our insurance act, which regulates insurance companies. That would be not only with a view to perhaps tidying things up, but introducing several new types of licensees, such as reinsurance brokers, a new class of captives for medium and large reinsurers, managing general agent licenses, and reinsurance broker licenses.

December 31, 2025

Oklahoma AG: State, Public Entities Can Cover Own Risks With Captives

Nothing in Oklahoma law prevents the state from creating and owning a captive insurance company and lawmakers are not prevented from passing laws granting political subdivisions the same rights, the state attorney general said.

The two questions were presented to Oklahoma Attorney General Gentner Drummond by the Oklahoma Insurance Department and Rep. Jason Blair, a Republican from District 53, according to the letter laying out the attorney general's position. The questions only covered Article X, Sections 15 and 17 of the Oklahoma Constitution.

Drummond said Oklahoma's Constitution does forbid the state and political subdivisions from owning a company, association or corporation, but that prohibition was designed to prevent public aid or investment in private entities. As these captives would only cover the risks of the state or a political subdivision, no public funds would be used for the benefit of a private entity.

"A captive insurance company wholly owned by the state or a political subdivision, and existing only to insure against that body's risk exposure, does not implicate these concerns," Drummond wrote.

Further, the Oklahoma Captive Insurance Company Act provides a constitutionally approved framework to create these entities, Drummond said.

The attorney general's office did offer three caveats to that opinion: It said the opinion might inform future legislation, but the attorney general did not review or provide input on any draft legislation; the opinion does not address whether other statutory or constitutional provisions not mentioned in the questions might apply; and the opinion does not delve into whether a particular company structure, such as stock or nonstock, would be most appropriate for these captive companies.

The opinion comes as Oklahoma and political subdivision are increasingly showing interest in forming captives as an alternative to the private market, Drummond said. He added several states have enacted statutes to do exactly this.

In the closing paragraphs, Drummond said state or local involvement in the insurance business is hardly a novel concept and both have broad authority to procure insurance as a risk-mitigation strategy.

"Further, beginning in the 1930s, the state operated essentially as a private insurer providing workers' compensation insurance for public and private employers," he wrote.

If Oklahoma lawmakers move forward with captive insurance legislation, it would join a slew of other insurance-related bills being proposed for the upcoming session. The insurance department and state lawmakers are planning a legislative package that includes provisions touching on legal reform, claims handling, data reporting and mitigation project discounts (BestWire, Dec. 11, 2025).

January 9, 2026



Vermont Lawmakers Considering Captive Updates Among Wider Legislation

A bill introduced in the Vermont Legislature would update captive insurance rules for risk retention groups and protected cells and comes as state lawmakers consider separate, wider financial services legislation.

House bill 649 would prohibit risk retention groups from making loans or investing in its parent company or members and affiliates of their parent, the bill says. The provision would not apply to any loans or investments in effect as of Jan. 1.

The bill also updates reporting requirements for risk retention groups, which would need to file with the National Association of Insurance Commissioners copies of annual statement convention blanks, signed jurat pages, actuarial certifications and other filings as determined by the Vermont insurance commissioner. Risk retention groups would also need to file quarterly statements with the NAIC.

H 649 would also require protected cells to file statements with the commissioner certifying they possess the needed funding to commence business. These statements would need to be filed with the commissioner within 30 days of the protected cell commencing business, the bill says.

If enacted, provisions of H 649 would go into effect July 1.

Another bill, H 648 tackles a wider range of financial services and banking provisions, including a cybersecurity mandate for investment advisers, technical updates to licensing provisions and other clarifying markups.

The bill stipulates that stock insurers that are subsidiaries of a mutual insurance holding company can use the word “mutual” in their names if that name also includes an “SI” abbreviation for stock insurer.

H 648 also moves reporting to electronic systems supported by the NAIC.

Attempts to gain comment from lawmakers sponsoring the legislation were unsuccessful.

Lawmakers in Vermont are also considering legislation to update rules around auto glass claims handling and repairs, including stipulations covering the calibration of windshield-embedded technologies (BestWire, Jan. 6, 2026).

January 13, 2026

UK Prudential Regulation Authority Prioritizes 2026 Insurance Agenda

The Bank of England's Prudential Regulation Authority intends to prioritize oversight in the year ahead on high-demand pension risk transfers, a “semi-live” crisis exercise taking place in the spring and consulting on a new captive regime.

The PRA said it would actively engage with life insurers in the bulk purchase annuity market, which is seeking increased demand as corporations seek buyouts. However, this could incentivize companies to grow lax on pricing discipline or risk management standards. To prevent this, the PRA said it will revisit how companies responded to its letter on solvency-triggered termination rights.

The regulator also said it would continue to review funded reinsurance agreements and could consider restrictions on the amount or structure of these transactions.

In 2026, the PRA will also increase engagement with companies showing material differences between actual and assumed profitability in their internal models. The regulator said it will consider further actions against companies that cannot provide robust justification for their assumptions.

The PRA is also preparing for a May semi-live crisis exercise, which will run for three weeks and simulate a market-wide event. The exercise will gauge companies' crisis response protocols and identify areas for improvement.

The coming year will also see implementation of solvent exit planning rules, the PRA said. Due by June 30, the Solvent Exit Analysis should consider financial and nonfinancial resources required, a cost and benefit analysis of alternative options and determine whether the companies' offerings will be difficult to replace in the market.

The PRA is also planning a consultation for a new captive regime as a way to support innovation in the market, the regulator said. The new regime is slated to launch in 2027.

Taken as a whole, the PRA's priorities set a decisive tone for the year ahead, the Association of British Insurers said.

“While the themes align with what the industry expected, the added clarity gives firms a stronger foundation to plan,

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adapt and deliver with confidence,” an ABI spokesperson said in an email. “As ever, we’ll be working closely with our members, the PRA, HM Treasury and other key stakeholders to promote a stable and resilient financial system, maintain strong policyholder protection and unlock investment that supports growth across the real economy.”

In addition to these priorities, the PRA and the Financial Conduct Authority jointly said they are working to support sustainable growth for financial mutuals, including insurers, by leveraging proportionate regulations, engaging with the sector and crafting initiatives that address the challenges these entities face (BestWire, Dec. 5, 2025).

January 21, 2026

IMAC: Cayman Islands Captive Sector Ends 2025 in Growth Mode

The Insurance Managers Association of Cayman said the captive insurance industry there closed out 2025 on a strong note as the Cayman Islands Monetary Authority issued 10 new international insurer licenses in the fourth quarter.

In all, CIMA issued 42 new international insurer licenses in 2025, including 10 in the fourth quarter alone, according to agency data. It marked the second-consecutive year in which the authority issued 42 licenses and continued a decade-long growth pattern.

Cayman listed 720 Class B, C, and D insurance companies, writing \$51 billion in premiums and holding \$176 billion in total assets representing a 24% and 15% increase respectively compared to 2024. The new licenses issued included three B(i)s, four B(iii)s, one class C and two class D insurers, IMAC said.

This growth in new licenses throughout 2025 shows sustained market confidence, with strong activity anticipated to continue in 2026, IMAC said.

“Cayman’s continued growth reflects the jurisdiction’s robust regulatory framework, business friendly environment and depth of professional expertise,” said IMAC Chair James Trundle in a statement.

CIMA issued 19 new licenses for traditional single-parent captives licensed as Class B(i) in 2025, according to data. Third-party writers in class B(iii), which also includes some reinsurers, also saw 19 new licenses, according to the data. Class C fully collateralized transactions added two new licenses, while two open market reinsurers licensed as class D also were formed.

The Cayman Islands Monetary Authority issued 11 new insurance licenses in the third quarter of last year, as a trade group said the island remains a bastion of expansion and stability (BestWire, Oct. 22, 2025).

January 23, 2026

Vermont Names New Deputy Commissioner of Captive Division

The Vermont Department of Financial Regulations has named Christine Brown deputy commissioner of its captive insurance divisions, a role she has held in an acting capacity since the start of the year.

Brown will become the fourth person to serve as deputy commissioner of the captive division since the position’s creation in 1981, the department said.

She joined the captive division in 2003 as an examiner and has held various roles throughout her tenure. In 2022, she was named the division director and oversaw strategic leadership, operations and regulatory policy, the department said.

Wider accolades include being named an Influential Woman in Captive Insurance in 2024 by a trade publication, which recognized her for helping Vermont maintain its position as a leading captive domicile, the department said.

She is also involved with the National Association of Insurance Commissioners’ task force on risk retention groups, the department said.

Prior to joining the regulator, Brown was an auditor with Ernst & Young and Johnson Lambert.

Vermont Insurance Commissioner Kaj Samsom in a statement said Vermont’s status as a globally recognized captive domicile places great responsibility on the division’s deputy commissioner.

“The need for a leader with excellent communication and presentation skills is essential, and it is not every day you

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find someone who possesses that as well as the deep subject-matter expertise,” Samsom said. “We have that combo in Christine, who has spent most of her career in captive regulation.”

Brown fills the role following the retirement of Sandy Bigglestone, whose leadership helped the state become an internationally renowned domicile for captive insurers, the department said (BestWire, Nov. 19, 2025). Bigglestone began her career in state government in 1997.

January 29, 2026

Research

Best’s Market Segment Report: Europe’s Insurance Captives Prove Themselves to Be a Cost-Effective Risk Management Tool

The introduction of new regulations in certain countries to incentivise companies to form local captives or redomicile existing ones is starting to change the landscape of European captive domiciles, according to AM Best.

In its new Best’s Market Segment Report, “Rated European Captives Continue to Demonstrate Stability in a Volatile Risk Landscape”, AM Best notes that captives have proven to be a cost-effective risk management tool by providing suitable covers, particularly for large risks such as cyber, property and business interruption.

Considering the softening market conditions, Kanika Thukral, associate director and one of the report authors, noted, “Many captives have high levels of reinsurance dependence in order to offer the large limits required by their parent companies. Given their generally favourable claims history, AM Best expects captives to negotiate better terms and conditions for their reinsurance programme during the upcoming renewal season, which in past years has often been restrictive with higher attachment points and incorporated exclusions, particularly for certain liability and natural catastrophe exposed risks.”

At the same time, the European Commission’s review of Solvency II is nearing completion. A central focus for captives in these amendments is the application of proportionality, allowing some insurers to be classified as small and non-complex undertakings.

The amendments are expected to take effect from January 2027, and while some stakeholders argue the reforms could go further in easing the regulatory burden on captives, the EC seeks to balance regulatory relief with policyholder protection. To access a complimentary copy of this special report, please visit http://www3.ambest.com/bestweek/purchase.asp?record_code=359846

November 12, 2025

Conference

AM Best: Captive Insurers Turn to Property Coverage as Commercial Market Tightens

Adrienne Stark, associate director, AM Best, reviews key themes from the Cayman Captive Forum 2025, including artificial intelligence adoption, property coverage expansion, and Cayman’s role as a captive insurance domicile.

Following is an edited transcript of the interview.

Q: What were some of the topics or themes that stood out in the sessions that you’ve attended so far here at the forum?

A: Some of the topics and themes have been around the use of AI and captives and what opportunities and challenges those present along with using AI. Another topic that we learned about was the use of property, adding property to your captive based on what’s happening in the general commercial market. With some of the tightening of the terms and conditions, a lot of captives are considering adding property. There was a session that talked about what you should look out for if you’re looking to do that and what risk strategies you put in place in order to do that.

Q: As a major global captive domicile event, why do AM Best analysts attend conferences like this, and what key insights or benefits do they bring back for the industry?

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A: There are a lot of benefits to sending analysts to the bigger global domicile captive conferences. First and foremost, it gives us visibility out in the market, enables us to network with others in this segment of the industry. In addition, we're able to attend many of the sessions and share that knowledge back at the office with our colleagues and the broader general analytical population. A lot of times we can meet with our clients face to face at these conferences if they want to. It can be an efficient use of time to meet, even have our annual rating meeting at the conferences. There are a lot of benefits.

Q: Based on what you've heard from sessions and discussions here so far, how do the insights that you're gathering compare to what you typically hear from your rated entities?

A: Very similar in theme. When there are challenges in certain lines of business out in the general market, a lot of the captives we rate will consider picking up those lines of business within their captives. This is similar to what we're hearing here and at other conferences we've attended this year.

Q: Amid today's market pressures, how are captives helping organizations navigate challenging conditions today?

A: They can dial up or dial down on coverages and lines of business as needed. For example, as I mentioned, adding property with what's happening in the property market. That can be added sometimes into a captive. A lot of times if there are more favorable terms out in the general market, a captive might push back a little bit and withdraw from a certain line of business in a particular year. It's very flexible and adaptable based on what's needed year to year.

Q: As discussions continue to highlight Cayman's strong presence in the global captive space, why does it remain a leading domicile and what makes Cayman so attractive for insurers?

A: Cayman's been in this space for a long time. I believe the first captive was in the 1970s for health care, and there is a long history there, a lot of bench strength in the captive regulatory regime, very business-friendly environment here in Cayman, and a lot of the service providers also have that depth and breadth of knowledge that can help with setting up captives and also managing captives prospectively. In addition, with Cayman being very close in geographic proximity to the U.S., it makes it easy for doing business, conducting business. Also, the U.S. and Cayman are very much culturally aligned. It just makes for a more efficient relationship.

December 12, 2025

Artex Associate Director: Cayman Seeks to Leverage Hedge Fund Expertise in Captive Expansion

Michael Wild, associate director, Artex Risk Solutions, said Cayman's dual role as hedge fund and captive insurance hub positions it to bridge capital markets and alternative risk transfers. Wild spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Why is the forum a must-attend event for captive owners?

A: This is the one place that once a year where capital owners come and they know they're going to have their auditors here, they're going to have their investment professionals, carriers, consultants, the whole industry comes together and it's your one-stop shop to come and meet everybody. It's really a must have for any capital owner to come and attend just because of those opportunities it brings. Obviously, we welcome our boards and our companies and the captives down any time during the year, but for the ease of everybody in one place.

Then also, it's the learning opportunities. The big shift, it's not a newer shift, but governance, CIMA (Cayman Islands Monetary Authority) wanted to make sure directors are understanding their fiduciary obligations, what it means to be a director and owner of a Cayman captive. This provides them all the learning opportunities they need. You have the CIMA regulatory update. You have accounting updates, tax updates.

Obviously, you have the very topical item. We have one track that we focus still more health care, hearkening back to our roots of being like a health care domicile. But obviously, we're seeing movement, other lines of businesses. We have a separate track that's devoted to new, emerging risks, other lines of business, P/C reinsurance, so it gives everybody a nice well-rounded conference to come and see what's going on in the industry.

Q: What are some of the common themes coming out of this year's forum? And have you begun giving thoughts to what themes or topics we might expect for the 2026 forum?

A: If you go back a year, maybe two years, ESG was really the topical one. That seems to be in coming up a bit, but by far it's AI. And then what I'm seeing moving early to next year and what we're going on was starting to plan for next year's conference already, it seems that the parametric side of things is really kind of coming around and that's been topical. I've heard it from a number of sessions, the parametric side, also the reinsurance side of the business here in Cayman and finding a way to get capital markets involved.

I was lucky enough I sat in a session actually just earlier today and it was it was Juliana Tang actually from Walker's that kind of made a comment and it spoke to me. She kind of said Cayman is more than a captive domicile. It was something to that effect. Cayman has the ability to bridge the financial service, and we were obviously a big hedge fund domicile. I think that's unique to Cayman.

The ability for us to find a way for capital markets to interplay with captives. Working to continue to figure out how that can maybe help just a more pure captive instead of some of these big commercial ones. Then by far, I think parametrics is going to be kind of, I think we're getting a lot of submissions next year on the parametric side from what I'm seeing.

Q: Who are the typical attendees at the Cayman Captive Forum?

A: We have a wide breadth of attendees. A big focus is captive owners. There was a session on governance as well. I think one of the questions they raised is, if everyone's a director, put your hand up, by far the majority of the room put their hand up, and there's a lot of directors. So, it is those stakeholders purely from the captive ownership and then the directors.

Then obviously, as you see with the exhibitor hall being full out there, there are a lot of service providers that come in. It's that. But we're seeing the new attendees tend to be a lot of new captives, new directors coming to boards that are new to the industry. The whole board may not come down, but it's quite common in them for some of the new directors to come down and start to learn and understand things that way.

Q: With this being your first year as chair of the Cayman Captive Forum, what are you most proud of?

A: Another successful conference. There's a big team behind me that puts this conference together. A volunteer committee of managers on islands. The island is from the captive industry, we're quite small, but we're a close tight-knit group.

There's a lot of the insurance managers coming together, volunteers from all those managers making this a success. Then there is a big support of kind of the wider captive industry. We continue to see sponsorship from KPMG as platinum sponsor, long-term sponsorship from other firms and banks. Proud that they continue on and proud that we have another sellout. It's amazing. I really appreciate everybody attending.

December 24, 2025

Captive Insurers Step in as Abuse Claims Push Misconduct Liability Past \$1 Billion

Linda Jones, Marsh USA, and Lauren Inglis, Oliver Wyman, said surging abuse settlements are prompting health care organizations to use captive insurance vehicles to manage the risk. Both spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Can you tell us a little bit about the focus of your discussion here and the key message that you shared with the audience?

Jones: The topic of our presentation was about utilizing your captives and navigating how captives should or could manage risk for sexual misconduct liability. We talked about options as the insurance market is changing the reinsurance market that the captive might be taking on some additional risk and how do you make those decisions on what risk you're going to take and whether you're going to absorb it on your balance sheet or keep it insured through the captive.

Inglis: I talked through the modeling aspect of that especially when you're taking on a new risk that can have low frequency and really high severity like the claims we've been seeing, I think it's important to really think through what that might look like, especially if you have a captive that's got a lot of other risk inside of it, thinking through how that

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might interact and how that might help. If you've already established some capital, what might that look like when you add in a new coverage? Do you need more capital? Or maybe you have enough to actually weather the storm of putting in some limits into the captive for that new exposure you're looking at.

Q: With organizations facing greater exposure and regulatory scrutiny around abuse and misconduct risk, what are the key factors driving organizations to consider captives for sexual misconduct liability coverage?

Jones: It's really led by the reinsurance market. What's happening is over the past 15 years or so, the value of these cases has just continued to escalate. I remember the first case I worked on in 2012, the settlement was over \$100 million, which was just unheard of, the value of a case at the time. Those cases have increased now to up to \$1 billion. As the reinsurance market is restricting coverage, whether that's excluding it or limiting it to a sublimit or different retro-dates, the captives and the health care organizations are having to make active decisions about how to manage that risk going forward. It's really led by the reinsurance market or the excess insurance market.

Q: How has the sexual misconduct liability market changed in recent years, and what challenges are insurers now facing?

Jones: The market has changed by commercial insurers by restricting that coverage. As Lauren mentioned, the cases have continued to increase in value, and the severity is increasing and the frequency, we're looking at that as well. As the market has changed, they are restricting coverage by either excluding it, requiring a newer retroactive date to cover those losses, to have sublimits to say we're going to only pay a certain amount, or even possible quota share, saying we will cover you to the tower of your risk, but we're only going to pay 50%. When you have that, you still could have some other liabilities within that policy year that could be affected. It's really led by the limitation of coverage in the insurance market.

Q: Lauren, with captives increasingly used for specialized coverage, how do they provide flexibility in structuring sexual misconduct liability coverage?

Inglis: It can be really helpful. I think when you face holes in your program with the commercial market, you can always think about using your captive to potentially fill those gaps. It really provides that flexibility if you have it set up. When you have it set up with a lot of different risk and you're kind of diversifying your risk, it can make it a little bit easier to take on these one-offs when they occur and you need to now fill a new gap. I just think it's important, though, to think through what the impact is going to be to the overall health of the captive. If you want to ensure you have enough money set aside to pay all the claims, even when the outcomes aren't as expected, they might be worse than expected. Thinking through that holistically and having the discussions at the board level about what the downside risk to the exposure you're taking on can be a really important step to think through.

Q: Any additional thoughts to share?

Jones: Just following up from Lauren's expertise as the actuary is to really engage your experts to do a capital modeling exercise and including the board and your broker in that process to make an educated decision and being proactive instead of just being reactive. You might decide you have no option but to include it in your captive, but to look at the capital requirements through a capital modeling exercise would be really good discipline.

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Artex CUO: Advanced Analytics Help Curb Rising Health Care Costs

Dawn Hiestand, chief underwriting officer and head of captives, Artex Risk Solutions, said captive insurance companies are adopting analytics for health care and property-risk management amid market shifts. Hiestand spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Technology is a big topic of discussion here this week at the forum, which new technologies are captives adopting to improve risk management and reporting?

A: This is a really exciting topic to be talking about as we just continue to talk about the evolution of captives and really being able to garnish data through technology. There's a few areas that I would say we've seen a lot of new technology

adoption, one would probably be first and foremost in the health care space. We're seeing a lot of captives wanting to truly understand what is going on in their benefits program, not only so that they can understand how to manage their

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risk, but also to provide the best coverage that they possibly can for their employees, because really ultimately at the end of the day, that's what our customers are trying to do and the insureds are trying to do.

We're starting to see some introduction and leveraging in that health care space around patterned recognition. It's really deep data analytics that allow not only just aggregation of claims data that a customer might have to sift through and try to understand where are my dollars actually going or where do my employees need the most coverage, but they have an opportunity to actually break that data down by employer, by the actual employment plan, and then also see what types of health risks are driving the losses so that they can manage those and actually try to get ahead of what some of those risks may be. This technology can be available in a single parent captive structure. We see a lot of our group captives and benefits also using it as well. What this data also allows the customers to do is start to leverage other programs that might be available in the marketplace. For instance, if you're in the United States, there may be state and federal funding options that are available as well. At the end of the day, taking that information and being able to pull the data and leverage everything that's available to the insured in terms of managing their health care program.

That's one of the areas. Then I would say in auto, which I know all of us are watching, a lot of the captive customers are looking at it as well. We've heard a lot around telematics. We've heard a lot about making sure we have rear facing cameras available on the vehicles. One of the things that we're really starting to also see is just around the placement of not only outward cameras, but what happened when the accident occurred or right before the accident occurred, but really starting to talk about the technology of inward cameras so that drivers, we can actually observe, and the captive customer can observe the behaviors of their drivers, they can use it as a coaching mechanism. At the end of the day, mitigating the claims is what's most important and then, of course, controlling those losses on the back end.

Then the last thing that I think is really exciting in the technology space, particularly around property, is that we know that catastrophes are worsening and the cost of those are becoming more and more for captive customers and clients. There really has been a lot of investment made in more refined catastrophe modeling so that we can make sure that the captive customer and the captive structure are truly paying the adequate amount of premium that they need to in order to cover those losses. Again, not too much, but also not too little.

Q: Looking across the captive insurance market, what have been some of the most notable trends this year?

A: I'll start where I kind of ended with our technology conversation, which is around property. Property has been a very interesting line for us in the captive industry and for our captive customers. I would say property went through a very significant hard market, seeing significant rate increases just simply because of the actual size of the losses that the captives were experiencing. There's been a bit of a stabilization there in terms of that pricing. I think carriers are starting to get their arms around what they're willing to put out in the marketplace. They're starting to stabilize their results as well.

What that basically means, though, is that the captive customer has a decision to make relative to what the captive is going to respond to in terms of property. While it may not be rate driven, one of the things that we continue to see is the vigilance around understanding both the short- and long-term benefits of the captive in the property space. What we're seeing is very educated captive owners who are saying, "I still want to use this as a significant financial tool and a strategic investment. How do I continue to take advantage of what's happening in the marketplace to decide how much do I want to retain and how much risk can I actually give back to the market?"

That's one of the trends that we're definitely seeing.

I would say the other one, again, health care. It's really forefront of what some captive owners are looking at, which is just managing the ever-rising cost of health care. Whether that's through employment plans or whether that's even through workers' comp losses, the reality is the claims are just becoming more expensive. But there's a catch-22: Employees are surviving risks and able to get the treatment that they need to survive the risks. It's really one of those trends that we're seeing in that space and again it's both in a single-parent captive context and a group captive context.

Then finally, is just innovation. I would say that's one thing about captives. The captive structure just continues to be the most creative and innovative space that we have relative to being able to insure for lines that have pricing volatility, they're distressed sorts of areas, there's regulatory requirements, or just strictly the carriers don't have as much appetite as they used to relative to some of those types of lines.

Q: What might we see in 2026, do you expect a continuation of many of the trends you just spoke about? Are there new trends that we might see in the new year?

A: We're probably going to see these trends continue into 2026. We've seen a little bit of the market dynamic

happening in 2025 and utilizing that captive structure has evolved with the market. But we'll see what kind of transpires in 2026, but I would say generally, yes, I think we're probably going to see a lot of the same focus going into 2026 and keeping our eye on emerging issues.

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GCM VP: Midsize Companies Turn to 'Rent-a-Cell' Insurance Structures

Jessica Dontas, vice president, Global Captive Management, said lower entry costs are attracting midsize companies to rent-a-cell captive facilities in Cayman. Dontas spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: What trends are you seeing among your clients this year?

A: Obviously, the markets are softening. There's some more capacity opening up in terms of what our clients are looking to. For our captive clients, they're using it as an opportunity to think strategically and maybe look at different and new lines of businesses that they could go into. The other thing that we're seeing is this growth in the SPC market. There's growth on the reinsurance side, but we're also seeing a lot of mid-sized companies, who are looking to self-insure and access the market that way. We're finding that rent-a-cell facility can actually be really useful for those size companies because your cost of entry is lower and therefore they can start to participate in insurance in a new and exciting way.

Q: Strong partnerships are key for effective operations. How important is the relationship between a captive owner and their captive manager?

A: It's a super important relationship. Obviously for our captives, they're outsourcing pretty much all of their functions to their service providers. As captive managers, we're the key party between everyone. We work with our owners and with the regulator and we work with other service managers. We are kind of the eyes and ears for our clients in Cayman. We really act as putting ourselves into their shoes and representing the captive. Working together and working collaboratively is really important for the success of your captive.

Q: From a performance perspective, how does strong governance impact captive outcomes?

A: You're an insurance company at the end of the day, so governance is really critical to everything you do and having that strong governance model in terms of a board with the correct level of skill set, having really strong meeting minutes and documenting the decisions that you make, and then also thinking strategically rather than reactively and in everything you do, that governance underpins it all. Within Cayman, we have really strong governance requirements as part of our regulations. There's a lot of policies and procedures that captives have to have. Thinking about your risks and how you manage them and then documenting them in those policies and procedures really sets you on a good path for success.

Q: What common governance challenges do captives face today?

A: A lot of the insured risks that we have in Cayman have evolved over time. We started as med mal and now we have a lot of different industries. With that, the regulations have changed and so the governance requirements for captives have increased over time. What we're seeing now, obviously with the rise in B3s is the CIMA looking at the makeup of a board and the fitness and propriety of the board members. We're seeing an increase in independent directors coming onto our captive boards. We're seeing a rise in that market, a rise in people offering those services.

Q: Segregated portfolio companies continue to expand as needs evolve. What trends are driving their growth in the captive market today?

A: It's twofold in Cayman. The CIMA have just started to publish the stats in terms of sales in Cayman. Over the last five years, they've kind of increased from 576 cells to just over 600 now. We're seeing a lot of growth in renter cell facilities. These mid-sized companies looking for a vehicle where they can incubate a program when their premium dollars are a little bit lower. We're also seeing a growth in the use of it for the reinsurance market and the life and annuity market because being able to segregate those assets and liabilities and really ring fence the risk, which the SPC offers such a useful tool for. You can use separate treaties and separate cells. We have clients that segregate their risk by the market, the providers they're using, and then obviously in life and annuity policies you can put separate policies in each cell. They're a really flexible vehicle, and they offer a lot of benefits for our clients.

Q: Do you expect that growth to continue in the next several years?

A: Absolutely. I think SBC's is one of the areas that we're going to see continued growth in the future.

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PwC Partner: Parametric Insurance Products Gain Traction After Jamaica's Quick Payout

Ricardo Agrella, partner, PwC, said Jamaica's rapid multimillion-dollar payout days after Hurricane Melissa showcased parametric insurance's appeal. Agrella spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Reflecting on the past year, what were some of the key captive industry trends that we saw in 2025?

A: This is actually one of the topics I presented on. I think I had nine topics, some of them interlinked, but there are four that jump out for me. I think of the captives in Cayman. The first being the utilization and diversification of captives. I think captives are being utilized more and more to bridge that protection gap. We're seeing a lot of diversification and what the coverages they're offering. A great example is a health care captive. Years ago, you'd never think of a health care captor with cyber coverage. We're seeing that now more often. It's just becoming the norm.

The second thing is around captive limits increasing, especially medical professional liability. I think the driver for those are obviously the increase in claims and litigation costs, commercial rates going up and the general growth in medical procedures. Something we're seeing across the board of health care captives, claims are taking longer to settle. Claimants are pushing more to go towards jury-led settlements, which results in higher claims and taking longer to settle. Definitely a trend we're seeing.

The third one is around auto liability coverage. We're seeing a lot of increase in that coverage. What we are actually seeing is adverse development, funny enough, in the last two to three years, especially of that line of coverage. It's not merely just the frequency of the claims, but it's the severity of the claims. If you look back, call it 10 years, if you bought a truck, you bumped it, I'm not a panel beat or a mechanic, but I assume you take the bumper off, you get the dents out, you paint it, you put it back on.

Nowadays you bump on one of these modern cars, the bumper's full of sensors, you can't just take the bumper off, you have to replace a whole panel, you maybe need a more skilled engineer to do that repair. If you're looking at the costs of repairs and doing so, that's just going up. That is a trend that we continue to see with the adverse development on the auto lines.

The last one is around parametric products. I think that's something that we still get asked about from boards that are interested in that type of product. A great example, Hurricane Melissa, that impacted the Caribbean recently, specifically Jamaica and a few others. But it was well-publicized by the Jamaican government that days after that, they had purchased a parametric product beforehand, and they got paid out millions of dollars.

The great thing about those parametric products is they have predefined triggers. It's factually based, you know exactly what they're about. The payments are speedy. If you think about why you're getting that, it's for natural disaster. People need the money to build their houses and get back up and running. Full transparency, you know exactly what's going to pay out. There's no judgment or call. It's all a mathematical calculation, and you know exactly what you're going to get. Those are the main trends I would say that we saw in 2025.

Q: Which industries or sectors saw the most captive growth this year?

A: If you look at the growth in Cayman, if I take your B-1 captives, we had around 18 new licenses during the year. Of those 18, eight of those were group captives. That represents roughly 44% of the new licenses versus 30% in the prior year. Definitely increasing the group captives that we're seeing. I think a group captive is a great product for someone that is interested in the captive model, but maybe they don't want to do it out on their own, they want to partner with members with a similar risk profile and risk appetite. We are still seeing a lot of growth in those.

The other part is medical stop loss. Coming to the Captive Forum maybe five years ago, there were multiple sessions focusing on medical stop loss. Now it's become the norm. Captives are adding that line of coverage to their business. The last two years specifically, we've seen a combination of those. Group captives specializing in medical stop loss coverage. We're seeing a lot of those new licenses coming through and the growth areas, just rolling with that. Great to see for the domicile.

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Q: What trends are we seeing in terms of captive formations and the development of new product lines?

A: What we're seeing boards doing is they've got their traditional lines of coverage, but then they're focusing on secondary lines. A great example is like business interruption or key man policies. I think post-COVID, people realize that there's different risks they never thought about going into lock downs and things like that. People are seeing what those business risks are and ensuring that they've got enough, protection to cover any gaps that they may have.

Then as I mentioned, medical stop loss seems to be a recurring theme that people were adding. Then just the general growth of group captives in general has been, especially since COVID, the uptick has been quite considerable, I'd say.

Q: How are captives addressing emerging risks like cyber?

A: Every year we do a global insurance survey. We interview C-suite executives across the globe to identify risks that they see, things that keep them up at night. The No. 1 risk that they have identified is cybercrime. I think boards are thinking the same way. If you look at cyber coverage, it's very hard to price and to tailor specifically for your business if you're going out there in commercial rates, which makes a captive the ideal situation for it.

I think typically in hard markets, you would see that the captive would pick up a primary layer and commercial policies would pick up any excess. Now as we see the market started softening, that'll flip and the commercial policies will be picked up on primary and the captives can tailor their excess layers going forward. I think it is just one thing when it comes to cyber. The claim, the frequency can be low, but the severity can be high. Those boards just need to keep that in mind. If there is a claim, it could be big, and you need to have the liquidity to be able to settle those claims.

Q: Looking ahead, what challenges or opportunities do you foresee for the captive market in the next 12 to 24 months?

A: If you speak to anyone that knows, I'm very optimistic person. I'm only going to say there's only opportunities out there for us. If you look at the domicile, we've got great steady growth and great reputation. It's a testament if you look at all the new licenses we had during the year that just shows the confidence that people have in Cayman as an offshore captive domicile.

But at the same time, there's a lot of work that goes into that. Myself and other service providers, especially that live here in Cayman, we're responsible for the jurisdiction. As long as we continue to work collaboratively and quality, it's all about quality. If we don't get quality right, then the rest doesn't matter. Ensuring we uphold our high standards and then I still see there's going to be growth in the captive space in Cayman.

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Cayman Finance Associate Director: Finance Hub Training the Next Generation of Insurers

Brittany MacVicar, associate director, said Cayman Finance's programs address talent gaps in the growing captive market. MacVicar spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: How is Cayman maintaining its leadership role in the global captive insurance market?

A: Cayman Finance has been around since 2003, and we are the only financial services association here in the Cayman Islands responsible for the entire industry. Not just insurance and reinsurance, we cover everything from funds to fintech, virtual assets, everything in between, but of course this week, I'm here in the capacity of insurance and reinsurance.

The reason why I start by saying that is because it really emphasizes the importance of the financial services industry that we have associations like Cayman Finance to really promote the growth.

On top of that, we have a public-private partnership between the government, the Ministry for Financial Services and Commerce, as well as the industry. Collectively with other associations, like the Insurance Managers Association of Cayman, the Cayman International Reinsurance Companies Association as well, we work collectively to promote and protect the reputation of the Cayman Islands as a jurisdiction.

In doing so, we are able to see that growth, even just over the last three years that I've been with Cayman Finance, we're able to see that growth across all of our sectors. If we look at it from an insurance and reinsurance perspective,

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the numbers at Q3 2025 are really compelling. The story that it's telling is the growth that we are seeing is here to stay. The growth that we are seeing is at a steady momentum. There are a lot of players in the room that are making that happen.

Q: Speaking of growth, what are some of the factors that drove that growth?

A: There are a number of things. We talk about tax neutrality and what that means. We talk about political stability. This is a great place to work, live, and enjoy. You're here at the Ritz Carlton on Seven Mile Beach, I think you would agree. But if you talk about it from a technical perspective, we have some of the best, if not the best, world-class, excellent service providers here in the Cayman Islands across all of our sectors.

But if you're talking insurance, reinsurance, actuaries, insurance managers, lawyers, accountants, and more, each of those individuals have been on island for a number of years. Their companies have been on island for decades. They have the expertise to provide solutions to some of the most challenging problems. These are all companies that you know and love. They're companies that people are familiar with.

We are the global leader in the hedge fund space, and that reputation has lent us very well to now being a leader in the insurance and reinsurance space. The growth that we are seeing is complementary to that. Another statistic that everyone is aware of as well, but something to highlight, we are the leader in healthcare captives, as a domicile, and the experience that we have gained over those years and the relationships that we have built has also contributed to the growth that we're seeing.

Q: How do captives contribute to Cayman's economy and job market?

A: About a year ago, we commissioned an economic impact report, Cayman Finance did, in collaboration with CIRCA and IMAC. What that study showed is the data quantitatively on the support that the captive industry as a whole, but international insurance as a whole, both captive and reinsurance, the economic impact on that industry on the economy. We are talking \$233 million in terms of economic impact on the Cayman Islands economy. What does that mean? We're talking about more jobs, we're talking about more opportunities for our young people, we're talking about more opportunities for Caymanians.

If you just bring it back to home, I'm a mother, we're talking about better infrastructure we're talking about better health care, we're talking about the roads that we drive on. I think all of these holistically are supporting our economy and the industry is providing for that.

Q: With the need to build a future workforce, what strategies are being used to attract younger talent to the captive industry?

A: I am so honored to be able to respond on behalf of Cayman Finance. I think we talk about growth, and with that growth, they're going to allow for a lot more opportunities. There's going to be a surge of job needs across the sector. What does that mean and how do we get our young people both locally and internationally to support that and be ready to support that be qualified to support that? What's great is what we're seeing is the excellent service providers that I mentioned, they all have succession plans. They're passing on their knowledge. They're bringing up the next generation. They're mentoring and I think that is the first step.

There are also other opportunities we talked about IMAC, but IMAC has an amazing educational scholarship fund that has donated hundreds and thousands of dollars to our local young professionals or aspiring young professionals who are going to come back and work in the jurisdiction. Also, Cayman Finance has a couple of programs. We have two programs that I would love to highlight. We have one that is our lead program. That's our flagship student program.

We go into the schools and over eight weeks, we educate our young people on the different opportunities. Everything from what is reinsurance, funds, capital markets, trust, banking. We want to ensure that they understand that there's more to financial services than accounting and law and that there are careers that are waiting for them once they get out of university. We also pair them with a mentor that's in the industry. Some of the companies that are here that are sponsors of the Cayman Captive Forum are mentors within that program.

Last, but not least, our members of Cayman Finance offer internships, a four-week paid internship to get that hands on experience of working in the industry so that you know if that's the right career for you. In most cases, what we've seen is those individuals are able to then come back and work for those organizations when they return from university.

The last one that I would love to highlight is a recent program that came out of a very extensive series of roundtables that Cayman Finance conducted earlier this year. It's our graduate training program. Essentially this program was identified with our Cayman Finance members to fill a talent shortage gap, to make sure that we could identify

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students, young people that just recently graduated from university to those roles that are available. As a result of that, 15 of our Cayman Finance members have provided 15 paid employment opportunities for 15 amazing young people within the industry across all sectors.

Q: What sectors or industries are most actively using Cayman captives today? And how is Cayman Finance promoting Cayman as a preferred domicile?

A: As the associate director responsible for insurance and reinsurance, my job is, along with the associations on island is to promote and protect the reputation of the Cayman Islands. The way that we do that is very strategically identifying the markets that we're currently in and the areas for growth and opportunity.

Of course, as you've heard from fellow interviewees, North America is our biggest player in terms of opportunities. We spend a lot of time in North America understanding the current needs, understanding what opportunities we're seeing, where are the emerging risks, where are the emerging challenges that we can address, and also relationship management, continuing to ensure that they understand that we are here, that we are able to provide those solutions that they are looking for.

Again, it's opportunities like the Cayman Captive Forum to bring 1,600 people to the beautiful Cayman Islands for them to see it for themselves. You can tell the story, you can travel overseas, but there's nothing quite like being here, seeing our infrastructure, attending the panels. You and I chatted earlier and the quality of the sessions, it really shows why Cayman and why we are equipped to tell that story and how we have the right people to do that.

Q: Looking ahead to the new year, what might we see for the Cayman Captive Market in 2026?

A: You're going to see a lot more growth. Cayman over the years, over decades since about the 1960s when financial services kind of erupted and evolved since then, our call to financial services, was to provide a solution. I think you're going to see more creative ways of providing solutions for clients, thinking outside of the box. I think you're going to see better responses to some of those challenges that I mentioned.

We have panels on it today, the evolution of AI, and how that is going to allow us to work harder, think smarter, and use to our advantage. What you're going to see is as a result of changing climate, as a result of emerging risks, we're going to find better ways to adapt quicker, to move faster, think smarter, again using AI. What we're going to see is our ability to work more closely with all of our associations to be able to handle that growth. That ties back to the need to grow our workforce because business is coming. We are here promoting. The magnitude of this conference is a very telling sign. We want to make sure that our young people, and those that are in the industry right now, are equipped for those risks that we are going to see that we'll be addressing.

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Gallagher Bassett Specialty's Managing Director: Health Care Liability Insurers Face Rising Severity

Robert Blasio, managing director, Gallagher Bassett Specialty, said escalating health care costs, massive life care plans and social inflation are driving jury awards. Blasio spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: You're going to be presenting on a panel here this week at the conference. Can you tell us a little bit about the focus of that discussion and the key message you'll be sharing with the audience?

A: The title is: The best offense is a good defense. It's really about how to proactively manage health care professional liability claims and what the current trend in the market is and how to combat the ever-increasing severity in the marketplace.

Q: What's driving the surge in health care professional liability claims severity today?

A: It's always driven by the economic loss. The cost of health care continues to go up. The plaintiff's bar continues to produce massive life care plans that generate in the hundreds of millions of dollars, tens of millions of dollars. When you're anchoring on that kind of number in front of a jury, the risk is just ever increasing. It's really driven by that.

I also think that post-COVID, I feel like we've lost the conservative juror in a lot of ways. I think folks are used to the government stepping in and helping. If someone's bringing a case, people assume that there's somebody that should be paying for it. That's a trend that we have to combat on a daily basis.

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Q: Large jury awards continue to make big headlines. Why are nuclear verdicts becoming more common and how is the plaintiffs bar leveraging these large verdicts to influence settlements?

A: I'm not sure they're becoming more common. I think it's the size of the awards has grown. Again, I think that's driven by a number of factors. Social inflation, when Shohei Ohtani gets \$700 million to play baseball, when Lane Kiffin gets \$90 million to go coach LSU, these are numbers that drive what people value. If that's the case, what's a life worth, a limb worth? It's social inflation. It's also what we just talked about in terms of juries wanting people to take care of somebody. Then the economic loss that we talked about with the cost of health care plans, life care plans and the like.

Q: What strategies can insurers use to proactively manage high-exposure claims?

A: The key is always to remember that we, as an industry, are better at evaluating these cases. The plaintiff, there is a big difference between need and want. We have the cash. We have to put the plaintiff, the claimant at risk and get money on the table early. Don't try to negotiate with the plaintiff attorney, negotiate with a claimant by putting them at risk. That's, I think, the key to combat the severity that we have today.

Q: Timing can be critical in claims resolutions. How can early intervention reduce the risk of severe outcomes?

A: The leverage is always with the plaintiff if they're on trial or close to trial. Again, like I just said, get the money on the table early, evaluate the case. If it's a case that you know you're not going to be able to try or unwilling to try, given the venue or the opponent, then put the money on the table and make it work. What ultimately settles cases is risk. You have to put the other side at risk.

Q: What role does communication with plaintiff's play in mitigating escalating claims?

A: It's critical. Often times we get siloed. We only deal with lawyers on our side. It's a recidivist business largely and developing credibility with the other side is important so that when you say, "I'm done," they know you're serious.

Q: Captive insurance programs are evolving to address new challenges and opportunities. What emerging risks and opportunities are captives addressing today, and how is that landscape evolving?

A: The industries biggest issue right now is coverage for sexual molestation. We're seeing trends, unfortunately emerging, not just in health care, but in university settings, and the like, the long tail and the availability of coverage for sexual molestation is dwindling. Captives may have to start taking that risk on their own or reducing their tail exposure for that. The beauty of having a captive is it's a vehicle that can potentially provide you with coverage for items that you can't get in the marketplace.

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Lockton EVP: How Medical Billing Companies Put Hospitals at Risk

Rebecca Cady, executive vice president national health care practice leader, Lockton, said health care organizations strengthen internal cyber defenses but remain vulnerable when vendors are attacked. Cady spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: You're going to be presenting today at the conference. Can you tell us a little bit about the focus of that discussion and the key message that you'll be sharing with the audience?

A: We're going to be talking about leveraging business continuity planning as a way to mitigate third-party cyber risk. Organizations have done a lot to strengthen their own defenses in terms of cyber risk management. But we've identified out of several very high-profile incidents in the last couple years that organizations are vulnerable to attacks on their third-party vendors. For example, your electronic medical record company or a company that helps you process your bills and get paid. If you haven't got tight business continuity practices and processes, you may be vulnerable. Regardless of how much insurance you have, you may not be able to keep your doors open unless you have a plan in place to deal with issues when your vendors go down. We're going to be talking about that, both from the standpoint of just providing some data about the risk and the exposure.

Then we're going to be speaking with a director of enterprise risk who developed a very solid business continuity program at her hospital. We'll be talking with a captive manager about what the captive's role might be in helping an organization maintain flow of dollars while in the middle of a cyber event.

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Q: Speaking of cyber, what are the biggest business continuity gaps that companies face when assessing third-party cyber risks?

A: One of the biggest things we've identified is that it's so important to map out your interdependencies. You have one vendor that you use for a certain function, but if that vendor goes down that might implicate other systems and services, and unless you map that out and it's done well, it takes a good bit of time. That's why organizations tend not to do it because they have to devote a lot of time to doing it right. But developing a real full map of all the interdependencies based on a particular system that might go down. For example, do you know how your power supply is. If you've got refrigerators that are all on one network and that network goes down, you might lose every fridge in your system. That's a big problem. Understanding how all the things in your system connect is a really key first step. If you don't do that first and do that well, then the rest of your planning can be actually counterproductive because you haven't caught it all.

Q: What best practices should organizations follow when building or updating business continuity plans related to vendor cyber exposures?

A: There's a couple of important points. First of all, the plan can't sit on a shelf. It has to be used. Drilling every quarter on a departmental level, drilling across the organization on at least an annual basis, if not more often is important. Not forgiving your C-suite and your board. They really need to be part of those processes so that they can understand how it's all going to work and also how they're going to be kept informed if a cyber event takes place so that there aren't any nasty surprises. I would also say really having the plans developed with the people that actually do the work. It doesn't do anybody any good to have a central high-level function develop these plans. It really needs to be, in order to be sort of lean and reliable, you need the people who actually do the work on a day-to-day basis to be active participants in that planning.

Q: How can external audit strengthen an organization's business continuity planning and readiness?

A: An external audit can be helpful. People don't like external audits. Health care is probably the most audited industry in the universe. These can be very helpful because a lot of times you get very sort of laser focused and your head's kind of down in the weeds. Having an audit come in, it's a second set of eyes. It helps you understand things that you might have missed. It helps ask questions. People coming in who don't do that work every day might ask questions that actually help you identify something you might have missed. It's really more of a consultative thing versus a gotcha game, but it also, from a directors and officers perspective, demonstrates that the organization is taking this responsibility seriously. It provides evidence of the fact that either you've got a great program, or you've identified some gaps and then you take steps to fix them, which can be helpful, not only in obtaining better rates on your insurance, but also in protecting against issues with directors and officers coverage.

Q: How is Lockton helping health care clients navigate today's rapidly evolving risk environment?

A: There's so much going on in health care right now. Just coming to this conference and seeing all the different sessions. What we're really focusing on is removing the friction from the management of risk. We're doing that through really embedded people and processes. We're right in there with our clients so that there's fewer handoffs, there's clear lines of accountability. We're providing clinical grade solutions to encourage and facilitate early triaging, appropriate escalation, and then management of metrics that show things about speed, cost, and effectiveness of the program.

Then we're also looking at information. Executives have no time. How do we give them back time through all of these things? By providing them with easily digestible information about all the rapid changes and more importantly the so what. What do they need to do about it to help their organization stay healthy? It's really a focus on giving the executives back time so they focus on what really matters, which is taking care of their patients and taking care of their organization.

December 24, 2025

Acrisure Execs: Medical Liability Insurers Retreat as Nuclear Verdicts, Abuse Claims Mount

John Sutton and George Crathern, both of Acrisure London Wholesale, said health care providers now need 20 carriers for coverage that once required just four. Both spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

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Q: As a moderator of one of the panel discussions here today at the forum, can you tell us a little bit about the main focus of that discussion?

Sutton: About 30 years ago, I read an article called "London Calling," named after the song by the Clash, a U.K. band, and it was really to highlight the breadth and depth of the London market, the subscription market where you have more than just one carrier riding slugs of capacity. We updated that article about 18 months ago. That's the theme of the panel this afternoon.

Q: How would you describe the current state of the medical professional liability market today?

Sutton: I think it's hardening and it has been for a while. There's a lack of capacity across the global market. It lost a lot of Bermuda capacity, lost a lot of domestic capacity some of the reinsurers are changing the terms and conditions of the outwards reinsurance programs. There's a lot of movement, whereas I think, and I would say this because I'm based in London, the London market is actually growing and has a broader appetite for new business.

Crathern: I completely agree. The market's been challenging, driven by lots of losses and nuclear verdicts, sexual molestation, the market's at a tough spot, but it's starting to turn, we think, in the longer term.

Q: What pressures or trends are most influencing med-mal pricing and capacity today?

Sutton: Sexual abuse claims have gone as George just mentioned nuclear verdicts, totally unpredictable. Not a coverage, I think a lot of health care underwriters expected to be getting claims from it. It reminds me of years ago when cyber coverage was included in health care policies and is now not and excluded. I think we may well go the same way with sexual abuse cover. That and a lack of capacity across the globe is definitely changing pricing terms.

Crathern: Anecdotally, five or 10 years ago, people would obtain \$100 million in coverage through four carriers and now you often need 20 to 25 carriers to get that coverage. Appetites are being restricted, and markets are finding the class more challenging.

Q: What advantages does the London market bring to health care liability placements?

Sutton: We sell a subscription placement-style. You'll have more than one carrier exposing a \$10 million limit. We typically now have five to 10 markets doing a primary layer and then up the tower. I think given that we've lost so much large slugs of capacity from Bermuda in the United States, giving stability is what we look to do. A lot of London clients have been there for 30 or 40 years.

Crathern: On that as well, with the approach of London, I think, is, as we mentioned, sexual molestation, nuclear verdicts and having carriers that are able to pull up smaller lines means they're less impacted by these losses, which means these guys can diversify their risk more appropriately.

Q: Looking ahead, what trends do you expect to shape the medical malpractice market and captive involvement over the next one to three years?

Crathern: I think we're expecting risk financing is only increasing, driven by these losses that we keep mentioning I think captives will become more involved, will need to be more flexible around sexual molestation coverages. We'll often maybe need to be a bit more flexible with taking more risk. But we do expect capacity to start coming into the market in the next few years. We expect London will keep growing in the space and keep taking on more opportunities, we expect.

December 31, 2025

Markel Specialty Senior Director: Hospitals Using AI, Command Center to Control Childbirth Claims

Paul Greve, senior director, health care risk solutions, Markel Specialty, said hospitals are implementing command centers to monitor laboring patients and adopting AI-based protocols. Greve spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Can you tell us a little bit about the focus of your panel and the key message?

A: Our panel is going to be on obstetric claims and medical professional liability insurance is one of the most volatile lines of all property/casualty coverages and this specialty obstetrics labor and delivery events are the largest subset

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of very large malpractice verdicts and settlements. There's been a lot of talk in recent years about mega verdicts. Roughly, there's no set definition, but I think the common understanding in their industry is that those are verdicts and settlements north of \$10 million, and those have been rising dramatically over the last 20 years and especially over the last 10. Again, obstetrics being the most volatile, the ultimate resolution costs, even though the verdicts are very high, but that drives up the ultimate settlement costs.

These claims have become very expensive, especially for hospital buyers. I would say obstetrics of the mega verdicts, those north of 10 million, they're by far the largest subcategory, and depending on the year, they fall between 35 and 40% of all large verdicts and settlements. It's a huge number that we have to focus on in our industry and that hospitals are focused on. OB risk is so significant that it has to be aggressively managed. That's what our panel is going to focus on.

One of my co-presenters is the risk manager for a group of 100 plus obstetricians that created a Cayman captive 22 years ago and their results have been extremely good. They have like a 37% loss ratio because they aggressively police each other and have protocols in place that they follow. I'm going to talk about some of the other things that they've done that have been very effective strategies. For example, they do periodic training of the obstetricians and their nursing staff the nursing staff in the hospitals that cover labor and delivery on how to interpret fetal monitoring strips because that's what these cases come down to.

Was the monitoring being interpreted correctly and in a timely manner? That's a big piece of what we are going to talk about. There has to be a system in place that if there's an issue where the strip does not look good and the nurses raise their hand and call the obstetrician. But if that obstetrician is not in the hospital, which obviously after hours, they're probably not going to be there. There's what's called an escalation policy in place. The nurse knows, okay, I'm not getting a response from Dr. Smith. I need to go up the chain of command to get an intervention here before the baby goes south and is deprived of oxygen because the delivery is not timely. That's one important measure.

The most important part of this is you can have all kinds of protocols in place, but if you don't have strong physician leadership, both in the hospital setting and in a physician group setting that is going to police the protocols that

are in place, it's not going to be successful. But the kinds of things we're going to talk that can be catastrophic if they're not done are vaginal birth after caesarean section. A woman's first delivery is by caesarean section, and the conditions in the second pregnancy are such that she may want a vaginal birth. The doctor may want one too. There has to be some screening in place to determine that going that way is appropriate. Otherwise it can result in uterine rupture if the assessment of the mother or that condition, vaginal birth after caesarean section, is not effective.

The other thing that Matt's going to talk about are that group obtains umbilical cord blood gases on every child. There's a baseline in case there's litigation challenging the judgment and the cord blood gases can substantiate that in fact the fetus was stable and not in distress. That's one of the things they focus on. They're basically focusing also on looking at all events that occur within the delivery room and which ones are recurring and trying to prevent the ones that are recurring. That focus is so very important. They also use standardized consent forms in this group. They have, for example, they have criteria in place not just for labor and delivery but for breast cancer screening for their patients as well because if you miss breast cancer, obviously in a young woman, that is a catastrophic case that could result in payments of multi-millions. Just an example of one criterion that they use to reduce risk within their group.

I think that the trends in medical professional liability insurance with the frequency of severity is the problem that we've got. There are too many claims occurring where the verdict and or the settlement is north of 10 million and we're seeing more and more cases resolve for above 25 million. I don't see that changing in the short term. We just have to continue to try and do our best at the institutional level and the care delivery level to reduce the recurring events that we see in our data. I also think having good data to use, both for a group, a physician group and OB group, or hospitals on what's happening within their institution can be very, very helpful. And they have to look at it from a quality and a patient safety standpoint. And looking at that data from a quality and patient safety standpoint and interpreting trends that may be occurring or maybe even an isolated incident that down the road could be a trend that is going to occur over and over. I wish I could be more optimistic.

The other thing I would say, we also are seeing more claims involving the mother only. That can be conditions pre-birth like pre-eclampsia, where their blood pressure shoots up, and it's not addressed. Those can result in multi-million dollar verdicts if the mother has a stroke. Obviously, again, you're dealing with a very young patient here. The damages are catastrophic. The plaintiffs' lawyers are putting up life care plans that are extremely expensive to take care of those mothers.

Q: Looking ahead, how do you expect national malpractice trends to evolve over the next several years? And what might that mean for insurers?

A: I wish I could be more optimistic. I'm hearing talks about attempting malpractice reform at the state level. I don't know how effective we'll be at that because as I've talked to people, in the past, the plaintiffs' lawyers tended to give a lot of money to the Democrats, that in state settings. I'm being told that it's now, they're also funding Republican legislators.

I thought maybe we might have some success in more conservative states that would want to have effective tort reform. But I'm told because of the funding by the bar that it's an uphill battle. It's a very uphill battle to get those kinds of reforms. Twenty-five years ago, malpractice reform laws really helped a lot in reducing severity. Absent damage caps on claims, and we have some in place that have stood up for about 25 years, I don't know that we're going to have much success imposing those or getting those in other states at this point in time. I think the way to manage that risk is going to have to be at the bedside level to improve the outcomes.

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Honigman Partner: Sexual Misconduct Claims a Top Concern for Health Care Captive Insurers

Julie Robertson, partner, Honigman, said captive insurers are navigating sexual misconduct liability, compliance rules, and M&A-driven complexity. Robertson spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: As we start a new year, we're just several weeks away from 2026. What trends do you anticipate in the captive market for health care organizations?

A: The biggest trend is something that has been the big topic of this conversation, which is the high dollar value of significant claims, particularly involving sexual misconduct liability. There's just no getting away from it. Last year, it was a

hot topic. This year, it's an even hotter and more urgent topic. One of the things they're all talking about is how do we mitigate for these claims? How do we address them once we have them? How do we fund for them? How do we work with our reinsurance partners? How do we handle the claims? It really is just a very significant issue, probably one of the most significant I've seen in the last five or ten years.

Q: How are captives adapting their governance and compliance practices in response to evolving regulatory and tax requirements?

A: There was this concept before this, I'd say, misperception, that captives were loosely regulated. Anyone can look at the trends, particularly in international domiciles over the last number of years and see how many more compliance obligations there are. The good news is most of the captive management firms here in Cayman and in the United States, Bermuda, and elsewhere, these are professional firms that now have beefed up their own internal compliance staffs. For the most part, captives rely on that. One of the things that captives should do is always be questioning their managers about what are their compliance, what is their compliance staff, what are their compliance processes and procedures, because frankly, that's for the most part what the captives are relying on. Having that kind of understanding of what the compliance structure is and how that is staffed, I think is important for captives going forward.

As to governance, I always think that as captive parent organizations and short organizations evolve, one of the things that captives should do is step back every couple of years and say, we don't look like what we looked like two years ago, whether that's in the captive itself and what it insures or what the parent risks are, and asking themselves, do we now have the right people around the table? We see that a lot with health care captives, for example. They were formed mostly for hospital risk. But as more and more hospitals are employing physicians, many more physicians are insured sometimes, and that becomes the bulk of the risk. It becomes important to say, then, do we have the right people who understand physician risk, and how that may be different, or how we can influence and mitigate that risk.

Q: What trends are you seeing in how captives are using alternative risk financing and innovative structures to manage complex risks?

A: As health care systems become more complex, they cross state boundaries, they're larger, they have tentacles into many different things like health plans. They may have different wellness opportunities. They may have for-profit arms if they were always tax-exempt. What they're seeing is that their captives really are a huge benefit to them. Then also in facing emerging risks. We talked a minute ago about sexual misconduct liability. We have more concerns about

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labor strikes, labor shortages, supply chain issues, there's business interruption. There are other types of insurance coverages that can be purchased through captives to either fund for a future event or to shore up coverage that they can't get in the market.

Q: How are mergers, acquisitions, or restructuring of captives shaping the market? And what opportunities does that create for organizations looking to optimize the risk strategy?

A: The merger and acquisition question comes into play frequently as you see smaller organizations being collected up into larger ones. One of the things that's been interesting to me over the last number of years is that oftentimes as parent systems merge, they'll find themselves with multiple captives. The trend always had been, well, we're immediately going to consolidate down into one. I think there's a little more thoughtfulness now about whether we actually might need more than one vehicle. Maybe we need a U.S.-based vehicle or a risk retention group to be able to write in multiple states, and we need a captive as a companion to that. Or maybe we now have international risk that we didn't have before, and we need to think about how that is funded, and whether captives in multiple domiciles might make more sense. We're seeing not just one captive as the absolute default, but taking a look at what the future needs of the system might be as it becomes more complex.

Q: Looking ahead, how do you see M&A activity shaping captives over the next three to five years?

A: Well, I think that is one of the questions. One thing that you do see is there usually is some consolidation, even if there are multiple vehicles, but those captives become larger. When they become larger, they typically have more diversification of risk, which ultimately is a benefit to the captive as an insurance company, and they also can often have a bigger asset base, which allows for different strategies in terms of investments, and it also allows for them to absorb losses in a way that they might not have been able to in the past.

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Oppenheimer Executive Director: Captive Insurers Face Squeeze as Money Market Returns Drop

Jack Meskunas, executive director AT Investments at Oppenheimer, said extending bond duration to five years offers relief in today's market. Meskunas spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: How are falling interest rates impacting captive investment strategies today?

A: They're having a big impact in two different ways, actually. One way is negative and one is positive. As rates are coming down, a lot of captives have just kept money in money markets. Two years ago, they were making over 5%. That dropped to 4% last year, and now it's down below 4% because the Fed (U.S. Federal Reserve) keeps cutting rates.

They're losing money on short-term deposits, but if they have bonds that are out three, four or five years, those bonds are actually appreciating in price as those rates come down. It depends really on where they are in the bond market as to how they are getting affected.

Q: What opportunities exist for captives to generate yield in a declining rate environment?

A: It's all about extending duration. What that means in plain English is making longer maturities, purchasing bonds with longer maturities. Now, captives can't buy 10- or 20-year bonds. They just can't because the money needs to be liquid. Typically, what we're trying to do is we're trying to take captives that are out one or two years and saying, you know what, you really should be out three, four, or five years. Five years right now is pretty much the sweet spot in the bond market.

Q: What lessons have captives learned from recent global market fluctuations?

A: One lesson was, of course, that time in the market is more important than timing the market. When you have very high fluctuations, often what's best to do is just sit still and wait for those storms to pass and ride that out. What I also hope that they're learning, and I think they're starting to learn, is that owning index funds or passive investing isn't as attractive as one might think.

It's simple, but it subjects you to those wild swings of the market. That really has to do with over-concentration of the indices. About 35% of the S&P 500, of 500 companies are represented by only 10 companies. 60% of the NASDAQ

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100 is, of the 100 companies, 10 companies. The volatility of these indices is increasing. I'm hoping that they're going to learn that having separately managed accounts is one good way to control volatility rather than just benchmarking.

Q: In a high valuation market, where do you see the greatest risks for captive portfolios?

A: First, we have to define what a high valuation market is. Mostly what people are thinking when they say the market is highly valued or overvalued is they're thinking about the technology stocks. The S&P 500 and the NASDAQ 100 are very heavy in these technology stocks, much of the value being derived there.

What we're doing is we're trying to get people to use separately managed accounts or we're trying to find value in not the 10 largest companies, but the hundreds of other companies that are out there that are doing great business that aren't overvalued at this point. I think that what captives really need to do, is they have to reassess some of their passive portfolio and allocate some of that to active management.

Q: How can captives leverage alternative assets to enhance returns in today's environment?

A: Alternatives have always been a big question in captives. I've been structuring products for captives since the 1990s, and I think it's more of a situation of not just plugging in any alternative investment but picking parts of the market. There are certain parts of private credit that are interesting.

Global long-short is very interesting. International with some of the private offerings there is very interesting. What they need to do is look at obviously is their insurance requirements first, their liquidity requirements, and then determine what kind of surplus they can allocate to maybe investments that are slightly less liquid, but also provide a better rate of return.

Q: How does Oppenheimer coordinate with captive managers, actuaries, and other stakeholders during market volatility or large claims events?

A: Certainly, one of the things that I try to do is keep open lines of communications with the captive manager. Their captive manager is really the linchpin in the whole entire relationship. They're the ones that typically are the first ones to hear about big claims. They're the ones to hear about what might be going on in the captive. They're the ones who are sort of coordinating all the service providers.

I'm always telling them, let me know. When you know, let me know, and this is what allows us to better communicate. When markets are volatile, and this is something that the captive can't control, of course, then it's on me. What I'm doing is typically communicating with captives a couple of times a month, that might become once a week it might become twice a week in extreme periods of volatility like we had in April where I was really reaching out to people and trying to explain what was going on and where I thought things were going to go. It's just a matter of increasing the frequency of communication when markets are more volatile. When they're calmer, once or twice a month is probably enough.

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Crowe Insurance Tax Partner: IRS Intensifies Scrutiny of Captive Insurance Arrangements

Kristen Lawler, insurance tax partner, Crowe, said U.S. federal auditors are demanding proof of genuine risk distribution among captive insurers, requiring documentation and governance. Lawler spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: How is the current U.S. tax environment shaping the way captive insurers structure their programs? And what emerging tax consideration should boards pay attention to in 2026 and beyond?

A: The U.S. tax environment right now is definitely more rigorous. They're taking a look more at these types of arrangements. They're looking for governance, substance. They're looking for diversification. They're looking for documentation. What they're really looking for is to ensure that these captives from a tax perspective are set up appropriately. They're looking for risk transfer, risk shifting, risk distribution, making sure that there is appropriate actuarial documentation, etc.

What boards need to be looking at in 2026 and beyond is making sure that they've got the appropriate documentation. Making sure that they've got that actuarial support. There also thinking about all the emerging and new types of risk

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that they can potentially put into their captives but making sure that they're looking at it from a tax perspective, as well. That's going to be really important going forward.

Q: Where is the IRS placing its audit focus for captive insurance arrangements, particularly around risk distribution? And how can organizations strengthen their compliance posture?

A: I think the IRS is really focusing on whether these arrangements are true insurance from a tax perspective. The recent case law is really focusing a lot on the risk distribution aspect, and they're making sure that there's appropriate distribution of risk amongst entities and exposure units.

Then in addition to that, they're looking at kind of what do these arrangements look like as compared to a commercial insurance company, the commonly accepted notions of insurance, making sure that these really truly look and act like an insurance company. Again, that kind of goes back to, what can they do to make sure that this doesn't become an issue for them with the IRS. They need that documentation.

They need to make sure that everything is kind of laid out so that if anyone comes looking for the reasons why they've taken a certain tax position, they've got that documentation to support their position.

Q: What tax regulatory and operational features make Cayman attractive? And how did these factors support effective captive tax planning?

A: Aside from the beautiful environment, of course, Cayman has a very robust regulatory environment. They're very experienced. I think that they figured out how to marry together the governance and the expertise with also the flexibility of making sure that they're giving clients what they need without sacrificing or compromising the regulatory side of things.

I think from a tax perspective, locally there aren't the typical types of taxes that you would find here on shore, but then, of course, you have to consider all of the U.S. tax considerations. But I think that really the regulatory environment and the expertise that's here, not only with the regulators, but also with the service providers, the managers, the tax folks, and everybody in between makes it a very attractive domicile to be in.

Q: For not-for-profit organizations establishing captives in Cayman, what key considerations remain important, even when the parent entity itself is tax-exempt?

A: A lot of times tax exempts don't think about the tax, but many captive entities are taxpayers. They could be structured in a different way, but a lot of them are taxpayers. Figuring out what the considerations are around that, how does that impact the overall not-for-profit status? And if you are a taxpayer, but not typically focused in the tax realm, what are the implications.

We've got Subpart F, potentially UBIT. All different types of taxes that could potentially be impactful to that client and to the overall company, and then also making sure I think the IRS will be looking at, how does this not-for-profit now have this taxable entity and how does it overall push forward their mission as a not-for-profit? Making sure that you're marrying together the reasons why you've set this up but also being able to maintain that not-for-profit status. And obviously, there are many not-for-profits that have Cayman captives. It absolutely can be done but just ensuring that you've thought it through from all aspects.

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Milliman Principal: Climate Risks, Cyberthreats Drive Companies to Self-Insurance

Mike Meehan, principal, Milliman, said self-insurance fills gaps left by carriers cutting ransomware protection. Meehan spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Can you tell us a little bit about the focus of that discussion and the key message that you shared with the audience?

A: I was actually on the captive one-on-one panel I presented with a captive manager and a captive attorney. It was the opening session for the conference. We had great attendance there we had over 200 people there in the room, which was fantastic for the first session of a conference. It was really geared towards newcomers to the industry. Getting some

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background on what captives are, the types they are, what makes for good organization to utilize a captive. Then we went really from how to get from concept implementation for a captive. It was really geared for the newcomers to the industry.

Q: What trends are you seeing in captive utilization and structuring through Milliman's work with your clients?

A: Clients come to us with a variety of needs and wants for their captive. I think recently we've seen an uptick, certainly in medical stop loss interest. Property coverage is certainly high in folks' lists as well. But even higher than that, I'd say the priority right now for organizations is the liability. The commercial auto liability coverage, the commercial trucking coverage. There's been some challenges in that market with regards to social inflation and nuclear verdicts. With the structure we are seeing organizations consider parametric solutions when they are looking at property coverage and issues such as supply chain coverage as well.

Q: What changes or emerging opportunities you foresee in the global captive market over the next several years?

A: We're going to continue to see climate-related risks become a forefront. We're seeing an increase in frequency and the severity of those situations and claims. I think in addition, cyber liability to me is still going to be a challenge for organizations. Several years ago, we saw our organizations deal with double-digit or even triple digit rate increases. The market then seemed to stabilize, but recently we're seeing organizations approach us about filling in some gaps in coverage. For example, their carriers, they're providing their side liability coverage. They may be looking to exclude, maybe it's data breach or it's a ransomware situation. Organizations will come to us and look to a captive solution to finance those gaps in coverage.

Q: Considering the evolving risk landscape for organizations today, how do these changes or risks influence the role of a captive?

A: Oftentimes organizations come to us with a captive idea or concept to really solve a single problem that they're having. But as they get comfortable with the captive concept and become sort of embedded within their risk, management philosophy, as the organization grows, whether through organically or through acquisition, and their exposures change, now they can look at the captive to fill in or cover those risks that they originally didn't intend to cover through a captive solution. It actually puts them in a position of power and gives them an advantage, I think.

Q: How do actuaries assess the financial impact of adding emerging risks to a captive program?

A: There's two issues there. I think first and foremost, you need to make sure that the risk is adequately priced. That's critical to the long-term success of a captive. You need to understand what that risk is and then give it the appropriate premium level. But the second step to that is to look at the capitalization of the captive. When the captive is initially formed, there's a feasibility study conducted, and then this capital infused to support that captive program. When you add a new coverage, now you need to make sure that you need to evaluate the risk profile as the payouts of the losses may have changed now for the overall captive program. You also need to make sure you have enough capital to support that new risk. We can look at certain metrics, and we can look at the risk profile of the organization. How much risk can be retaining to that program and we can give them an idea of how much capital they may need to infuse into that captive program to make it sufficient. At the end of the day, the regulator has final say. They want to make sure the captive has the financial wherewithal to pay claims as they arrive. Make sure it's adequately priced and then make sure you get the capital to support that new risk.

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Kensington SVP: Mid-Career Professionals Find Second Acts in Specialized Insurance

Kyla MacDonald, senior vice president, Kensington, said professionals from accounting, law, and technology can leverage relationship skills and adaptability for success in insurance. MacDonald spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Can you tell us a little bit about the focus of that discussion and the message that you'll be sharing?

A: The panel is called Trailblazing Tomorrow and we're focusing on new leaders in the Cayman captive industry. Our message is, how do we as an industry promote this industry, but not amongst ourselves, getting that next generation in, some new talent, some new skills. We have a panel of four of us that are going to talk through a variety of topics relating to that.

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Q: As the captive workforce continues to evolve, how can organizations effectively integrate mid-career professionals into the industry?

A: The captive industry is great for that because a lot of people will start their careers, whether they're accountants or lawyers or they're in tech, but all of that has a place in the captive insurance industry. There's something here for everybody and especially as we continue to evolve, there's constantly new challenges, new programs that arise, new aspects of the captive insurance industry market that always required new skills, new talents. I started out as an accountant. I worked for one of the audit firms and later on moved into the industry that I'm in now.

Q: You talked about bringing in the next generation of captive leaders. What skills are essential for that next generation of leaders and what role does mentorship play in developing future leaders in the captive market?

A: The skills, I think that what we need is it's less of your technical skills. It's less of the accountants and the lawyers. Obviously, that's important. But I think what the skills that we need our new leaders to have are to be innovative, to be adaptable. There's always a fire drill. Something's always changing, to be able to be resilient to change, adapt quickly. You have a plan for your business, you have a plan for your captive, whatever it may be. Being able to quickly shift in these times where everything is changing very quickly. The skills that we are really focusing on are more of those skills as opposed to your technical skills that maybe the industry was looking for at the beginning, or 10 years ago.

In terms of mentorship, having the opportunity to shadow somebody in that role, whether in our organization, we have kind of our newer hires, our newer talent, and not just kind of leaving them to be to figure it out on their own, but for them to see kind of how somebody who's been doing this for a long time, how they get through the day-to-day, how they handle the challenges. This industry is really all about relationships, building those connections. That doesn't happen when you walk in the door. That takes time. That does take that mentorship side that you mentioned.

Q: With experienced professionals retiring or transitioning to different roles, what challenges exist in transferring critical knowledge to newer talent?

A: It's not a job you can learn from a book or from a course. It is something that you're developing over time with those relationships. That's where I think that mentoring side of it comes into play. We want to make sure that the newer talent is seeing all aspects of the job. We want to make sure that they understand where the captive started whether it's an individual captive or group captive and the transitions that it's taken along the way. I think also just understanding the business and what's happening in the industry and knowing all the key players. It's the role of those of us who are in those leadership positions to really take the time, to spend with our newer talents, to spend with our new staff, to really get them involved in every aspect of the job so that they understand kind of everything, A to Z. Also, with IMAC and the firms that are members of IMAC, making sure that everyone's focus is identifying these next-gen leaders, picking out a few people or a group of people that we can invest time and energy into to lead us into the future.

Q: Speaking of the future, looking ahead to the next five to 10 years, what steps should the industry take to ensure a sustainable talent pipeline?

A: IMAC has a fantastic education scholarship fund, we really need to promote that. Not everyone who is a scholarship recipient goes into the captive industry, but they are all learning valuable skills. We have people who have gotten their degree in something completely unrelated and made their way back to the captive insurance industry. It's that focus on educating our youth, getting those scholarships in place and getting young people, just even aware of what the industry is and what roles and opportunities there are. Right now it's very much all about kind of education and awareness.

December 31, 2025

Alliant EVP: Captive Insurance Programs Transform Risk Management Into Strategic Asset

Lorraine Lewis, executive vice president, Alliant Insurance Services, said captive insurance programs enable companies to fund growth and strategic initiatives. Lewis spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: You're going to be presenting on a panel discussion here this week. Can you tell us a little bit about that theme of that discussion and the key message that you'll be sharing?

A: We're going to be talking about captives because we're here at the conference, but specifically we're going to talk

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about how captives help our clients innovate from an (enterprise risk management) perspective. Insurance is fairly chaotic and we're going to talk about making some purpose out of that chaos.

Q: ERM, as you mentioned, is one of the key topics of this discussion here this week. Just speaking about ERM, in what ways can a captive serve as an incubator for innovative ERM initiatives?

A: What we find is that that entire captive experience is a very unique situation. There's something special, magic even, that happens when we take senior executives and risk managers and we're able to create time and space in a very focused way to really talk about risk issues. That just lends itself to a lot of creativity.

What we find is oftentimes people will come with a specific purpose. I have a problem with professional liability as an example. That one discussion, that one initiative around professional liability will expand into many other things as they have that time to collaborate and to focus in a very specific manner.

Q: Many organizations look to captives to support strategic growth. How can captives help fund growth opportunities that might otherwise be difficult to support?

A: What I like to say is that creating a captive, if you're willing to bet on yourself, it takes something that was a liability. You're going to spend money buying a bunch of insurance. If you do that well, you convert that into an asset. I have clients that have funded risk and safety initiatives through grant programs.

I have clients that have performed so well within their captives, they were able to take that capital, bring it back onshore and use those funds to buy other campuses or make other investments onshore. It can be a very strategic and meaningful option for clients.

Q: How are companies using captives to strengthen C-suite engagement and support for ERM?

A: I think there's something magic that happens in that captive environment. Part of that magic is having those executives who are very busy, just like we all are, gather together in a time and a place that is exclusively focused on risk. It's like the difference between being on a Zoom call. It's great when we can do a Zoom call, but it's not the same as being in person.

What I find is that when we gather those C-suite individuals, along with our risk professionals, together in that environment, it really cultivates kind of an intimacy and a thoughtfulness and a creativity that you just don't foster in a traditional environment. It's been very transformative for a lot of our organizations.

Q: What role do captives play in delivering measurable financial dividends back to the parent organization?

A: The best thing about a captive is that it's measured. You will hear about the regulatory framework for instance here in Cayman, there's a regulator involved there's an audit that happens. I'm a big believer and many of my clients are as well that what gets measured tends to perform. When you have your own captive, you're able to objectify your own underwriting performance, No. 1.

Then secondarily, again, there's a balance sheet. You're either generating an underwriting profit or you're not. That is visible to the regulators here. It's visible to your auditor. It's also visible because this will consolidate on a financial statement onshore. It is highly visible. If you believe that what gets measured, that what gets audited, tends to perform better, what you will find is that you are absolutely demonstrating the financial results of that captive. To the extent that you do a great job, you're going to reap the rewards, but if you're not doing a good job, that will also be immediately visible.

Q: As risks evolve, captives are adapting, how are they expanding business plans and using reinsurance or alternative risk transfer to address these emerging risks and exposures?

A: A lot of times a captive will start with, I have a problem with professional liability, as an example, or I have a problem with workers' compensation. Then it will evolve to other nontraditional products. Cyber liability has been something that a lot of folks have struggled with, and many now fund through their captive.

When the property markets been hard, there have been certain property risks that have been funded. As we get more forward-looking right now from a health care liability perspective, sexual abuse and molestation can be a challenge to insure. There are opportunities to fund some of that through a captive.

I also think, in terms of reinsurance and alternative structures, we're going to see markets do different things to address some of those risks so that there can be some risk transfer. Instead of buying a single-year treaty, maybe you're going to amortize that over three years. We do things where we do structured reinsurance programs that are guaranteed for three years versus a one-year contract.

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There's a lot of different structures and creativity that will be utilized as we navigate an ever-changing risk landscape.

Q: How can organizations leverage their captives to prepare for long-term forward-looking risks?

A: One of the things we just chatted about was sexual abuse and molestation. Many hospitals have captives here in Cayman. That's a real pressing issue for them. There's a lot of capacity challenges in the market. There are some clients that are looking at how do we fund that? A captive would be a great way to do that. Really that can be used for any forward-looking challenge.

Sometimes hospitals might face regulatory risk or you might be in a non-health care business environment, where there might be some regulatory risk that you're concerned about. That's kind of a nontraditional product that could be funded through a captive. As a business owner, as you're in that laboratory, in that C-suite, and you're collaborating with your risk team and you're looking at what your operational risks are, really the possibilities are endless.

What's required is thoughtfulness, creativity, and innovation. I think the captive uniquely brings those disciplines together and really allows for that type of flexibility, and creative thinking to come up with very bespoke solutions for clients.

January 5, 2026

Everest CEO: Reinsurance Prices Set to Ease After Years of Sharp Increases

Jim Williamson, president and chief executive officer, Everest Group, said reinsurance pricing expected to decline moderately in 2026, with ample capacity from major carriers. Williamson spoke with AM Best TV at the Cayman Captive Forum 2025.

Following is an edited transcript of the interview.

Q: Can you tell us a little bit about that discussion and the key message that you'll be sharing with the audience?

A: The first thing I would say is whenever you talk about the insurance industry, you have to talk about the world because we really do affect everything that's happening around the globe. The fact is we're living in a very complex environment. I'm going to be talking about how people manage that complexity and how the insurance industry is responding with innovation and change.

Q: How about the reinsurance market? What key factors are shaping that market today, and how are reinsurers responding to evolving risks and opportunities in the market?

A: The reinsurance industry has really never been more crucial to the global insurance industry. We support a lot of our clients with critical capital and capabilities. The way we're evolving is things like using more third-party capital to meet the growing demand for coverage, innovating technology, innovating our capabilities. It's really quite a dynamic environment right now.

Q: How is the current reinsurance market shaping pricing and capacity for captives?

A: It's certainly one of the first questions I get in a forum like this. People always want to talk about pricing. The fact is we've gone through a period over the last few years where prices have increased pretty significantly. I think for clients, I think they're relieved to know that we're going into a period where prices are going to be coming down a bit. I think it still makes sense. I think risk is still very reasonably priced and we're happy to provide coverage for our clients including our captive clients at what will be slightly more reasonable prices.

Q: What emerging risks are driving demand for innovative reinsurance solutions and how are you assisting your clients in addressing those risks?

A: There really are so many and that's going to be a big subject to my talk later today, but I would say geopolitics is a big issue. Supply chains and the risk of conflict in a number of places around the world. AI is a huge concern particularly as it relates to cyber threats. Clearly AI is an opportunity, but it's also a risk. I would also say just in the terms of the pace of innovation that clients are facing and how that develops their risk profile, that's a key factor.

Q: What opportunities exist for captives to participate in parametric or alternative reinsurance solutions, and how is Everest helping its clients capitalize on those opportunities?

A: We focus a lot at Everest on parametrics. We have a very rapidly growing business around that capability. Essentially what it allows for, whether it's a captive or a corporate client, is it allows them to tailor coverage related to third-party data so that there's sort of clarity between both the risk taker, the insurance company, and the client

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in terms of what will happen in an event. For example, if there is a major windstorm in your area and you have a parametric cover you know exactly at what level of wind speed or what level of precipitation it will kick in. It creates clarity it could be very cost efficient.

Q: Looking ahead what might we see for the reinsurance market in the coming year?

A: I think it's going to be actually quite stable. The fact is as I said earlier, prices will be coming down. Everest and our competitors, we have lots of capacity. We want to deploy with our best clients. I think you're going to see a lot of stability as we head into 2026.

January 9, 2026

People

Skyward Specialty Promotes Leader to President, US Property/Casualty

Skyward Specialty Insurance Group Inc. promoted John Burkhart to president, U.S. property/casualty, Skyward Specialty Insurance.

The company said this promotion is a key step in aligning talent and operational leadership to support the growth and strategic development of the company's U.S. business.

In this expanded role, Burkhart will assume oversight of the company's captives and specialty programs divisions in addition to his current responsibilities for professional lines, industry solutions, surety, accident & health, and transactional excess and surplus. Additionally, claims, technology solution services and pricing actuarial will now report to him, according to a company statement.

Burkhart joined Skyward Specialty in January 2021 as president, specialty lines. Prior to joining the company, he held progressively broader roles at QBE North America and Chubb. Burkhart has almost 30 years of experience in specialty lines insurance, including management and professional liability, health care, financial institutions and transactional liability, according to his company bio.

In September, Skyward Specialty recruited Christopher Zitzmann as president of inland marine and transactional property (BestWire, Sept. 16, 2025).

Operating entities of Skyward Specialty Insurance Group currently have a Best's Financial Strength Rating of A (Excellent).

November 20, 2025

Axa XL Appoints CUO to Newly Launched Alternative Risk Solutions Team

Axa XL launched a dedicated alternative risk solutions team, appointing Sylvain Bouteillé, current chief underwriting officer, specialty as its leader.

The new team centralizes Axa XL's alternative risk expertise to enhance its ability to quickly deliver innovative and efficient alternative risk transfer solutions in the United States, Canada and Bermuda, it said.

In addition to assuming leadership of the new ARS team, Bouteillé also retains his responsibilities as CUO, specialty in the Americas. He joined the company in August 2025, bringing more than 30 years of (re)insurance industry experience, with a strong focus on credit risk, multinational programs, and strategic leadership, according to a company statement.

Part of Axa XL's large commercial business segment, the new ARS team will initially focus on captive solutions, including structured risk solutions, led by Austin Su, group captives, led by Joseph Davina, and single cell parent captives, with plans to expand capabilities in the future. The team will work closely with Steve Bauman, head of captives programs on Axa XL's client broker management team, the company said.

Earlier in January, Axa XL Reinsurance promoted Julian Longbottom to global head of marine and energy, reinsurance, and Jamie Pedro to head of specialty, reinsurance, Bermuda (BestWire, Jan.14, 2026).

Most rated units of Axa S.A. have a current Best's Financial Strength Rating of A+ (Superior).

January 23, 2026



Companies

Marco Capital Closes on Benteler Re Acquisition

Marco Capital Holdings Ltd. said it completed its acquisition of Benteler Reinsurance Co. DAC, a Dublin-based nonlife insurance captive in runoff.

The acquisition was made from Austria-based Benteler Group, the European property/casualty insurance runoff group said in a statement.

The transaction received all required regulatory approvals, Marco said.

“The acquisition of the Benteler Re provides Benteler Group an efficient means to manage its group insurance arrangements,” said Simon Minshall, chief executive officer, Marco.

Marco Capital earlier acquired R&Q Gamma, a unit of R&Q Insurance Holdings Ltd. (BestWire, June 20, 2025).

Terms of the deal were not disclosed.

R&Q Gamma was formerly The Royal London General Insurance Co. It was established in 1983 and put into run-off in 1999. R&Q Insurance Holdings purchased it in 2016 to act as a consolidation vehicle for U.K. run-off opportunities, Marco said at the time.

Over the following four years R&Q Gamma transacted loss portfolio transfers with Solicitors Indemnity Mutual Insurance Association Ltd., Anglo French Insurance Co. Ltd. and The United Kingdom Mutual Steam Ship Association (UK P&I Club). The company’s outstanding liabilities relate primarily to the UK P&I Club and comprise occupational disease/workers’ compensation liabilities for workers on ships and in posts, Marco Capital said.

Marco Re Ltd. has a current Best’s Financial Strength Rating of A- (Excellent).

December 19, 2025

Gallagher Re Starts Global Captives Risk Transfer Team, Appoints Leaders

Gallagher Re said it has launched a global captives risk transfer team and appointed Martin Hughes as captives executive vice president.

The new unit is in the broker’s global facultative practice. It will provide structured and facultative reinsurance plans for single-parent captives “of all sizes and complexities,” Gallagher Re said in a statement.

Pablo Muñoz, global facultative reinsurance chief executive officer, in a statement said the risk transfer team will unlock “opportunities beyond the reach of most captives.”

Hughes previously led the specialty risk transfer division at Artex, which has partnered with Gallagher Re on reinsurance-based products for captives in North America. He starts his new position on Jan. 1.

Captives risk transfer will work continue to work with Artex, in addition to Gallagher Re treaty, GGB Retail and GGB Specialty, said Muñoz.

Joshua Cryer was appointed captives divisional director. Gallagher Re said Cryer previously held senior roles at WTW, Virgin Atlantic and THG plc.

Muñoz joined Gallagher Re in July to fill the newly created position as global facultative CEO. He brought more than 25 years of experience (BestWire, July 2, 2025).

December 22, 2025

Jackson Financial in Partnership With Asset Management Firm TPG, Including Equity Stake

Jackson Financial Inc. said it entered a 10-year strategic partnership with TPG Inc. that will see the asset manager take a \$500 million, 6.5% equity stake in Jackson and create a captive unit to facilitate future growth.

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The arrangement will combine Jackson's annuity product expertise and distribution network with TPG's scaled private credit platform, Jackson said in a release. The partnership is intended to expand Jackson's spread-based product sales and provide flexibility for future insurance solutions, the company said.

Initially, the deal will run for 10 years, followed by automatic one-year renewals through year 15, the statement said. Jackson will also receive \$150 million in TPG stock as part of the transaction. The \$500 million stake acquired by TPG will see Jackson issue 4,715,554 shares at \$106.03, the statement said.

Jackson said it will establish Hickory Brooke Reinsurance Co. using the capital from TPG's investment in the company together with \$150 million in excess cash from its own accounts. Michigan-based Hickory Re has been established to serve as a "capital-efficient" way to accelerate sales growth of Jackson's fixed and fixed index annuity products, the company said.

Benefits of the partnership include increased opportunities for new business and earnings diversification, enhanced profitability and long-term shareholder value, Jackson said.

"The complementary strengths of Jackson and TPG will enhance our competitiveness in the market, supporting our efforts to bring more value to consumers to meet the growing needs of Americans seeking financial security in retirement," Laura Prieskorn, president and chief executive officer of Jackson, said in a statement.

Jon Winkelried, TPG's CEO, in a statement said the goals of the two companies are aligned.

"Over the past several years, TPG has achieved meaningful growth in insurance capital across our platform, driven by our ability to create differentiated access points and cross-platform strategies that meet the evolving needs of our insurance partners," said Winkelried. "As the insurance landscape continues to evolve, we see tremendous opportunity to deepen relationships and drive long-term value for policyholders and shareholders through thoughtful, relationship-driven approaches that leverage the full breadth of TPG's capabilities."

The transaction with TPG is subject to customary closing conditions and is anticipated to close in the first quarter of 2026.

Jackson Financial Inc. said last August it fired the head of its distribution and marketing unit in a move that coincided with a drop in the company's second-quarter net income, despite higher annuity sales for the period (BestWire, Aug. 8, 2025).

The company said in an Aug. 5 filing with the Securities and Exchange Commission that it had terminated the employment of Scott Romine, president and chief executive officer of Jackson National Life Distributors LLC. Alison Reed, chief product development and strategy execution officer at JNLD, will serve as an interim replacement "until a permanent successor is identified," the company said.

Operating entities of Jackson Financial Inc. have current Best's Financial Strength Ratings of A (Excellent).

January 6, 2026

Personal Guarantee MGA Purbeck Insurance Services Launches Guernsey Reinsurance Unit

Purbeck Insurance Services, a United Kingdom-based specialist provider of personal guarantee insurance, has launched a captive insurance subsidiary it called an "exceptional development" for the managing general agent market.

Purbeck Reinsurance Ltd. has been capitalized by Purbeck, and it will assume a quota share of the insurance risk ceded by the fronting insurer, the company said. Purbeck will be directly "on risk" for a portion of claims arising from the personal guarantee insurance it provides to small and medium-sized businesses it covers, according to a statement announcing the launch.

The quota share arrangement reinforces confidence in Purbeck's product design, underwriting discipline and long-term claims experience, the MGA said.

"By taking a direct share of the risk, we are demonstrating that we truly stand alongside the SME owners we support," said Todd Davison, managing director of Purbeck Insurance Services, in a statement. "Having capital at risk sharpens our focus on underwriting quality and claims management, which ultimately benefits commercial brokers, lenders and SME clients alike."

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Purbeck said it chose to domicile the reinsurance entity in Guernsey due to its reputation as a leading international center for insurance and reinsurance with “robust” regulatory oversight and expertise in captive structures.

The Guernsey International Insurance Association said last year it welcomes a response from HM Treasury to a proposed set of regulations to grow the United Kingdom’s captive insurance sector (BestWire, Aug. 20, 2025). The GIIA said in a statement that captives have individual risk profiles that are very different to those of a large commercial insurer. An effective regulatory regime needs to understand that and apply regulation that is “proportionate” to that risk.

The growth of captive regimes in domiciles including France, Italy and now the United Kingdom shows the arrangement has become a key component of risk management and risk financing for many corporations, the GIIA said. Guernsey is the leading domicile in Europe with 326 licensed captives, both cellular and non-cellular, the GIIA said.

January 14, 2026

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](#).

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[New Domiciles are Changing the Landscape for the European Captive Insurance Segment](#)

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AM Best Briefings:

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

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[Rating a Captive: The Interactive Rating Process from Data Analysis to Rating Committee Decision](#)

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