AM Best

May 2026

News of the Alternative Risk Markets

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

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

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

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

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Domiciles

Iowa Legislature Advances Bill Changing State's Guidelines for Captives, Life Reinsurers

Lawmakers in the Iowa House and Senate approved a measure that would overhaul the state's regulations on captive insurers and create a new regulatory framework for life reinsurance captives, sending it to Gov. Kim Reynolds.

The measure, House File 2766, cleared the House 91-1 on April 20 and the Senate 44-0 on April 21, according to the state Legislature website.

Among its provisions, the legislation would make it easier for captives to re-domicile in Iowa and lower to $100,000 the minimum capital requirement for protected cell captives. Among various requirements including revised licensing procedures, the legislation would permit dormant captives in the state provided they maintain paid-in capital and surplus of at least $25,000.

The measure would also split off the regulatory regime for life reinsurance captives. It would cover any captive reinsuring risk that originated with a life insurer and would also require a paid-in capital and surplus of at least $5 million.

The governor's office could not be immediately reached for comment.

Reynolds first signed legislation allowing for the creation of captive insurance entities in the state almost three years ago (BestWire, June 15, 2023). Reynolds then signed S.F. 549, "providing companies with the independence to self-insure and avoid some of the inefficiencies of the commercial insurance market," she said in a statement.

The measure also reforms the premium insurance tax rate, lowering the rate to 0.9% by 2027, it said.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
May 4, 2026

Labuan Sees 7.2% Captive Growth, Looks to Evolve as Regional Center

The Labuan Financial Services Authority said captive insurance premiums grew 7.2% in 2025 to reach $726 million, which it said accounted for about one-third of the total premiums underwritten by the industry.

Overall, the insurance sector profitability rose 7.1% last year to $434.7 million, which the authority said was the highest level over the past five years, according to the FSA's Labuan IBFC Market Report 2025.

The FSA is responsible for development and administration of the Labuan International Business and Financial Centre, as well as licensing and regulating entities operating within it. The IBFC is looking to grow as a regional and global financial services hub in the 11-member Association of Southeast Asia Nations region.

"With the current more fragile global backdrop, Labuan FSA remains vigilant to the implications of the evolving conflict in the Middle East, particularly its effects on energy markets, trade flows and investor sentiment," said Affendi Rashdi, director general of Labuan FSA, in a statement. "Yet periods of disruption also tend to accelerate strategic realignment, and within our immediate region, ASEAN remains a natural source of opportunity for Labuan IBFC."

Priorities for the IBFC in 2026 include intensifying market development and innovation in digital finance, Islamic finance and insurance, the FSA said. Also on tap is strengthening regulatory frameworks across sectors and improving efficiency, the agency said.

The Labuan FSA is confident the Labuan IBFC will remain resilient, deepen its anchor within Asia's broader financial ecosystem, and continue to capitalize on emerging opportunities ahead.

In one example, Opulence Ltd. said last year it launched Opulence Captive Insurance Cell, designed to help associated members, merchants, clients and partners insure risks proactively while maintaining compliance and protecting legacy wealth (BestWire, Sept. 11, 2025).

The Captive Insurance Cell was endorsed by the Labuan Financial Services Authority and operates under Goldman Insurance PCC Ltd., which is licensed by the LFSA, Opulence said in a statement.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
May 1, 2026

UK Regulation Authority Reveals Details of Captive Regime Consultation

The United Kingdom's Prudential Regulation Authority said it is committed to consulting on a new captive regime this summer, work being propelled by a planned legislative push from His Majesty's Treasury.

In July 2025, HM Treasury said it wanted to implement a framework by mid-2027 that would expand and support a captive insurance sector (BestWire, July 15, 2025). Reforms include enabling the use of protected cell company captives and updating framework for insurance special purpose vehicles.

ISVPs are authorized to securitize insurance risk and help facilitate investments from capital markets, according to the Bank of England, which described the vehicles as an alternative to traditional reinsurance.

The new captive regime aims to increase the United Kingdom's attractiveness as a domicile and increase access to the benefits provided by captive insurance, the PRA said.

Legislative changes needed to enable protected cell captives will not be in place in time and are being excluded from this summer's consultation, the PRA said. These updates will not be part of the captive regime at launch, which is expected in summer 2027.

The PRA said it intends to build on updates that accelerated the pathway for certain ISPVs and will look for ways to further improve simplicity, flexibility and access. This will include exploring ways to improve protected cell use by ISPVs once the legislative hurdles are cleared.

The PRA announced its intentions to consult on a captive regime when it teased its 2026 insurance agenda at the start of the year (BestWire, Jan. 21, 2026). The authority is also reviewing high-demand pension risk transfers and is planning a "semi-live" crisis exercise in May.

The Guernsey International Insurance Association welcomed HM Treasury's planned reforms, saying at the time it was announced that an effective regime recognizes that captives have individual risk profiles that are very different from those of large commercial insurers (BestWire, Aug. 20, 2025). As such, regulator's need an approach that is proportionate to that risk.

Attempt to gain comment from the Association of British Insurers was unsuccessful.

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
April 30, 2026

IMAC: Growth in Cayman's Insurance Sector Continues as New Licenses Issued in 2026

The Cayman Islands Monetary Authority issued 14 new international insurance licenses in the first quarter, as a trade group lauded the government's plans to petition for Qualified Jurisdiction Status as proof of its strength.

CIMA issued six Class B(i) captive licenses between January and March, as well as seven Class B(ii) approvals and one Class C, according to the Insurance Managers Association of Cayman. The group said that total was up from five licenses issued in the same period a year earlier and signaled momentum was likely to continue in the remainder of the year.

The additions mean Cayman now has a total of 722 Class B, C, and D insurance companies licensed, collectively writing approximately $51 billion in premiums and holding an estimated $176 billion in total assets, according to the data.

"It is encouraging to see the increase in new licensees during the first quarter of 2026. Cayman remains well-positioned, supported by a vibrant international insurance industry," James Trundle, IMAC chair, said in a statement.

The Cayman Islands intends to submit its application to receive Qualified Jurisdiction Status for its reinsurance sector from the National Association of Insurance Commissioners by the end of the second quarter (BestWire, April 23, 2026).

The process is driven and managed by the Cayman Island Monetary Authority and is coordinated in the United States with the National Association of Insurance Commissioners.

“If granted, QJS would formally recognize the Cayman Islands’ reinsurance regulatory framework within the NAIC process and further align it with U.S. supervisory expectations, reflecting the fact that approximately 90% of the jurisdiction’s business is U.S.-facing,” the Monetary Authority said in an email.

Trundle highlighted the attendance of more than 675 people at the ReConnect conference in Cayman recently as proof of the market’s strength. He also applauded the QJS application.

“This is a positive step that could further support growth in new licenses by enhancing Cayman’s attractiveness to international insurers and reinsurers particularly those seeking efficient access to key markets,” he said.

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
April 29, 2026

ReConnect 2026 Showcases Cayman’s Expanding Role in Global Reinsurance

Industry leaders at the 2026 ReConnect Conference in Grand Cayman discuss Cayman’s growing role in global reinsurance, highlighting regulation, alternative capital, artificial intelligence and emerging market opportunities.

Following is an edited transcript of the interview.

View the video version of this interview here.

This year, nearly 700 reinsurers, captive insurers, risk managers, regulators, asset managers, investors, and other leaders from across the global insurance and reinsurance community gathered for the third annual event, hosted by the Cayman International Reinsurance Companies Association.

Faramarz Romer, chief financial officer, Greenlight Re and CIRCA chair: This was our third year for ReConnect, and it’s gotten bigger. It’s gotten more people attending. We’ve had more sessions. This year we had 10 full sessions, 46 speakers, 50 sponsors, and even more for diversity in our speakers. We had people from other industries, from other countries coming in.

Steve Papciak, principal actuary, Marsh and ReConnect Steering Committee chair: Now it’s about providing thought leadership not just to Cayman or specific jurisdictions, but to the global insurance ecosystem as a whole. We started with a journey down memory lane of how Cayman’s regulatory regime and regulatory framework has evolved from being originally a banking jurisdiction, to a fund’s jurisdiction, and now reinsurance. It was all the topics that you would expect. actuarial changes, new regulations coming down, talking about geopolitics, talking about innovation, talking about private assets, talking about artificial intelligence.

Anthony McKelvy, co-founder and managing partner, Northern Re: The role Cayman is playing in alternative capacity, whatever form that might take, means being able to come into this market and access global risk and that is a huge driver. We’re talking about it today on the panel. I think that’s one thing that they’ve done extremely well, and we’ll continue to see growth in that area.

James Trundle, vice president, Global Captive Management: What we’re seeing is capital availability right now. Cayman is in a unique position. We talked about the evolution of the financial services industry. We’ve got a huge asset management space here, over 30,000 mutual funds. It’s a lot of capital that’s sitting there that potentially folks may be interested in investing in reinsurance type transactions.

Papciak: There’s demand for reinsurance solutions, and those solutions are not necessarily cookie cutter or copy and paste. What works for one transaction is not going to work for the next transaction. What the Cayman jurisdiction allows you to do is build a bespoke solution for each element of a transaction or for a counterparty or for a specific product.

Thomas Sullivan, owner, Sullivan Strategy and Advisory Services: When we look at it from the property/casualty side, we’re seeing a migration of population into the southeast. That’s putting pressure on insurers and insurance structures as the migration populates south, which is obviously a riskier proposition than perhaps inland and other areas. On the consumer property side of the homeowner side, I see that as a growth and risk area.

Similarly on the life and annuity side, we see a higher demand for guaranteed income products that annuity providers provide. We've seen double-digit growth rates in the annuity market I expect that trend to continue.

Steve McIntosh: chief executive officer, Cayman Finance: We've done a lot of work to establish the local economic benefits of this industry. We conducted a study last year showed that the industry contributes more than $300 million to the local economy, employing more than 250 people. That brings me on to talent, which I think is the biggest driver of our success. The insurance industry here in Cayman has now more than 70 actuaries, which I think is really impressive and speaks to our ability to attract talent.

Trundle: The government, CIMA, the regulator, IMAC, CIRCA, the funds industry, we've all got to come together really and work for the best of the industry as a whole to drive us forwards and upwards because we have the tools right here on our doorstep to do that.

Dara Keogh, managing partner, Grant Thornton (Cayman): Over the last, I would say five or eight years, because of the insurance industry that was here before through the captives and the insurance expertise on the ground, the reinsurers started to look to Cayman. I think that we'll see a lot more over the last eight to 10 years, the development and emergence of reinsurance has been, I would say, pretty great, actually, for Cayman. I see the momentum continuing.

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

(By Lori Chordas, senior associate editor, AM Best TV: Lori.Chordas@ambest.com)
April 28, 2026

Alabama Insurance Commissioner Considering 'Best Time' to Lift Captive Creation Moratorium

Alabama Insurance Commissioner Mark Fowler is considering the "best time" to end a moratorium on the creation of new captive insurance companies and risk retention groups following the enactment of new rules covering the sector.

On April 15, Alabama Republican Gov. Kay Ivey signed House Bill 415, which increases capital requirements for pure captives to $250,000 from $100,000 and sets minimums of $500,000 for association and industrial insured captives, according to the bill's text.

The new law also requires the captive to create and maintain a bank or credit union account within Alabama, hire commissioner-approved accountants and actuaries; submit details background information on officers, directors and anyone owning 10% or more of the company; and provide a comprehensive operations plan, which must include three-year pro forma financial statements.

New reporting and oversight provisions are also included in the new law, which Fowler said was badly needed because the state last updated its captive insurance statutes in 2021.

"A lot has changed since then, not the least of which is a significant increase in the number of captive domiciles in our state," Fowler said in an email. "While that is not necessarily a bad thing, we have run into a number of solvency issues that we might not have experienced with a stronger statute."

In September 2025, the insurance department issued a temporary moratorium on accepting and processing new registration filings for captive insurers and domestic risk retention groups. The moratorium is scheduled to end on June 30, according to a bulletin announcing the pause.

The moratorium was driven, in part, by a need to modernize statutory language to help address issues with solvency requirements, filing mechanisms and renewals, according to Travis Bowden, president of captive management firm Crossroads Risk Management.

In addition to strengthening and stabilizing the capital, reporting and reserving requirements for captives, the new law will bring greater levels of confidence in the solvency of Alabama-domiciled captives, Fowler said.

The new law demonstrates Alabama's commitment to the financial services industry, said Bowden, who previously served as supervisor of the Georgia Department of Insurance's captive division.

"As I spoke with many members of the Alabama State House of Representatives and State Senate on this legislation, the value of Alabama's role as a leader in the customized, self-insurance sphere was strongly agreed upon," Bowden said in a statement. "Captive insurance companies and risk retention groups continue to provide more bespoke options for entities as they grow and expand their operations."

Lawmakers in Hawaii are also looking to further the captive sector in the state with legislation that would allow these insurers to underwrite and assume catastrophic risks (BestWire, March 19, 2026). The Hawaii Senate approved the bill in March, despite opposition from the state's insurance commissioner.

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
April 17, 2026

Louisiana Bill Would Charge Trucking Captives 'Market Access' Fee to Defray Rising Costs

A bill pending in Louisiana would require captive commercial trucking insurers in the state to pay a so-called market access fee designed to defray rising costs for smaller and independent carriers.

The measure, House Bill 932, is intended to "correct market distortion created by captive insurance adverse selection" and ensure the insurers maintain adequate reserving, according to the bill. The legislation would create the Louisiana Commercial Trucking Market Access Fund funded by charging an annual fee to all captives of 3% of retained premiums.

"The exit of high-quality risks through captive arrangements results in adverse selection and higher premiums for remaining market participants," the legislation said. "Small and independent Louisiana commercial trucking companies, including minority-owned and disadvantaged business enterprises, lack the scale to form captive arrangements and therefore bear the full cost burden of the commercial market."

The measure is currently pending in the House Insurance Committee.

Rep. Edmond Jordan, a Democrat who represents East Baton Rouge and West Baton Rouge, could not be immediately reached for comment.

HB 932 would also create minimum reserving requirements for captives, require increased reporting of financial conditions and establish a pool for smaller insurers funded by the new fees. Every captive covering commercial trucking would be required to maintain a minimum policyholders' surplus of $500,000 or more if regulators deem it necessary.

It also would require disclosure of insurance coverage in commercial trucking accident claims.

Earlier this month, the Louisiana House of Representatives passed bills that would change how the workers' compensation reimbursement schedule is updated and eliminate the state's Workers' Compensation Advisory Council (BestWire, April 8, 2026).

Under current law, reimbursement schedules are limited to the "mean of the usual and customary charges" to care for an injured work. If House Bill 357 passes, the updated schedule would need to be considered "reasonable" by comparing it with the current reimbursement rate and charges authorized by surrounding states, the bill's text said. The schedule can still be updated annually, but any changes must be supported by data and information as prescribed in state law.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
April 17, 2026

Maryland Legislature Passes Captive Premium Tax Moratorium, Mutual Conversion Bills

The Maryland General Assembly passed bills that will temporarily pause collection of premium taxes from captive insurers of nonprofit organizations and allow certain conversion of certain mutual insurance holding companies.

Senate Bill 890 will put a two-year moratorium on a 3% premium tax, related fees, penalties and interest generated by the procurement of coverage from a captive insurer by a nonprofit entity located in Maryland, according to the bill's text.

It also requires the Maryland Insurance Administration to study the use of captive insurers by nonprofit entities.

If signed, SB 890 would go into effect July 1 and cover fiscal years 2027 and 2028, according to the bill's text.

The bill addresses an area of law that is unclear and inconsistently applied, according to testimony of State Sen. Dawn Gile, a Democrat representing District 33.

The bill was produced after extensive discussions between the insurance administration, the Maryland Hospital Association and care providers across the state, Gile said. It comes as hospitals face difficulty obtaining coverage and high premiums for necessary coverage, including medical professional liability and cyber. Hospitals have turned to captives to manage these risks.

The updated tax treatment is expected to result in at least a $2.3 million decline in general revenue for the state for each year it is in place, according to a fiscal impact summary from the Maryland Department of Legislative Services.

The Maryland Center for Economic Policy opposed the bill, saying Maryland hospitals and affiliated insurers have failed to pay premium taxes for years, resulting in millions of dollars in lost revenue for the state. The economic group testified enacting the law would put Maryland out of step with other states such as Washington and Florida, which aggressively enforce similar taxes.

Also passed by Maryland lawmakers, House Bill 1616 allows mutual holding companies that own, directly or indirectly, 100% of the capital stock of a reorganized stock insurer to initiate a conversion from a mutual holding company to a mutual insurer, according to the bill's text (BestWire, Feb. 25, 2026).

The change to a mutual insurer would occur once a conversion plan is adopted and approved. The bill includes provisions requiring these plans to give existing members a nontransferable interest in the converted mutual and retire any stock from a reorganized insurer.

Both bills are still awaiting the final approval from Maryland Democrat Gov. Wes Moore.

Attempts to gain comments from lawmakers sponsoring the bills were unsuccessful.

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
April 14, 2026

Hawaii Legislation Would Expand the Use of Captive Insurers in Catastrophic Risks

A measure allowing captive insurers to underwrite and assume catastrophic risks in Hawaii was approved by the state's Senate over opposition from its top regulator.

The measure, SB 2950 S.D. 1, is designed to allow authorized captive insurance companies to underwrite, reinsure or "otherwise assume" catastrophic property/casualty risks subject to the approval and oversight of the insurance commissioner.

Natural disasters including hurricanes, earthquakes, tsunamis, floods, wildfires, volcanic activity, landslides and severe weather events would be covered, according to the legislation. It would also include coverage for: Business interruption; umbrella; infrastructure, energy, transportation, health care, housing or other essential or high-value exposures; aggregate losses; and reinsurance.

It unanimously passed the Senate on March 10 and is pending in Hawaii's House, according to the state legislature's website.

The bill raises regulatory and consumer protection concerns, Scott Saiki, insurance commissioner in the state's Department of Commerce and Consumer Affairs Insurance Division, said in a committee hearing last month.

"The department acknowledges the interest in expanding captive insurance mechanisms to address catastrophic property and casualty in Hawaii," Saiki said. "Captive companies are not subject to regulations that address consumer protection, rate oversight, and market availability requirements that cover commercial insurers. SB2950 expands the captive insurer's role to provide coverage for the public, blurring the established distinction between captive insurers and admitted commercial carriers."

The measure would also mandate financial disclosures including exposure levels, aggregate catastrophic risk, reinsurance arrangements and financial condition, on the part of those writing the expanded coverage.

Strong homeowners rate increases are hitting Hawaii, where carriers facing wildfire, hurricane and volcanic activity risks have also been dealing with economic inflation and higher reinsurance costs (BestWire, Jan.

21, 2026). Insurers last year were approved for at least 20 homeowners rate hikes. The great majority were double digit, including two that neared 32%.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
March 19, 2026

Tennessee Captive Ranks Grew in 2025 for Sixth Consecutive Year

Tennessee's captive insurance market notched a sixth consecutive year of growth with five new captives and 50 new cells licensed in 2025, the Tennessee Department of Commerce & Insurance said.

The additions bring to 184 the number of captives the state has and to 703 the number of individual cells, TDCI's Captive Insurance Section said. Captive insurance allows businesses to underwrite their own coverage without a third-party carrier; Tennessee updated its captive statutes in 2011.

"By combining responsible regulation, a modern captive insurance statute, and a team of customer-focused professionals, Tennessee continues to distinguish ourselves among captive domicile managers as the perfect place to call home when establishing a captive insurance domicile," said TDCI Commissioner Carter Lawrence. "I am optimistic that the growth trend we've seen in little over half a decade will continue into the future as Tennessee's reputation as a first-in-class choice for captive domicile managers grows."

Tennessee saw an 8% growth in active cells in 2025 compared to the prior year and 6% growth overall in risk-bearing entities, TDCI said in a statement. Premiums in 2025 doubled to $4.2 billion compared to 2024.

«I firmly believe that sustained year-over-year growth, good relationships, and connectivity with our customers will continue to incentivize other companies to use establishing a captive in Tennessee for their risk-financing needs," said TDCI Captive Section Director Mark Wiedeman.

Tennessee wasn't alone in experiencing growth last year. North Carolina regulators licensed 21 new captive insurance companies in 2025, with approximately 80 more cells and series approved for the year, Insurance Commissioner Mike Causey said (BestWire, March 16, 2026).

The licenses granted by the state were for both new insurer formations along with the relocation of other captive insurers to North Carolina from other domiciles, the North Carolina Department of Insurance said in a statement.

The domiciled entities were comprised of 188 pure captive insurers, 48 protected cell captives, nine risk retention groups and 18 special-purpose captives. They spanned industries that included financial services and insurance, transportation, health care, construction and manufacturing.

The N.C. DOI said it had more than 1,000 risk-bearing captive insurance entities under regulation at the close of 2025. Those include 263 captive insurance companies and 746 cells and series, including conditional licenses and approvals.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
March 18, 2026

North Carolina's Captive Roster Saw Growth in 2025

North Carolina regulators licensed 21 new captive insurance companies in 2025, with approximately 80 more cells and series approved for the year, Insurance Commissioner Mike Causey said.

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The N.C. DOI said it had more than 1,000 risk-bearing captive insurance entities under regulation at the close of 2025. Those include 263 captive insurance companies and 746 cells and series, including conditional licenses and approvals.

"North Carolina is a great choice for captive owners to call home with its prudent regulation and dedicated team of financial analysts, examiners and actuaries," Causey said in a statement. "I strongly encourage businesses evaluating self-insurance options to consider North Carolina's business-friendly environment when choosing where to domicile their captive insurance company."

The statement said the 2013 North Carolina Captive Insurance Act provided the state's commissioner with wide discretion in the regulation of captives. As a result, the state has been able to meet evolving risk needs for businesses of all sizes, the DOI said.

Captives, a form of self-insurance, have grown largely because the arrangements have proven flexible in meeting evolving risks and technology, Causey's statement said. The industry can be a "nimble" risk-transfer alternative to traditional markets and North Carolina is a well-positioned domicile, the statement said.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
March 16, 2026

Oklahoma Insurance Regulator: Captives Program Has Grown 64% Since 2022

Oklahoma's captive insurance program grew 64% between October 2022 and December 2025, the insurance regulator said, noting the program is seeing the fastest three-year growth in its history.

During the past year, the regulator said it received and approved 14 captive insurer applications and four captives were dissolved, the Oklahoma Insurance Department said. The state ended 2025 with 74 captive insurers, edging out the previous record of 73 set in 2017 and up from 64 in 2024 and 59 at the end of 2023.

"The 64% growth over the past three years shows a focused effort to rebuild confidence in Oklahoma as a captive insurance domicile," Steve Kinion, OID's captive insurance director, said in a statement. "Our program is committed to responsive regulation, technical expertise and long-term stability for those seeking a captive in Oklahoma."

Oklahoma is attracting more captives as a domicile at a time when the state and its political subdivisions are exploring the option of creating captives as an alternative to the private market, according to Oklahoma Attorney General Gentner Drummond (BestWire, Jan. 9, 2026).

Drummond said earlier this year nothing in state law prevents Oklahoma from creating and owning a captive insurer and the Oklahoma Captive Insurance Company Act provides a constitutionally approved framework to create these entities.

Attempt to gain comment from the Oklahoma Captive Insurance Association was unsuccessful.

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
February 20, 2026

Industry

Acrisure Re to Integrate Capital and Captives Division in Restructuring

Acrisure Re, the reinsurance division of fintech company and broker Acrisure, said it has integrated its capital and captives division into one platform.

Acrisure Re said in a statement the combination will bring together 275 captive specialists across North America and Bermuda into a single platform combining an established captive business with the capabilities of a specialist reinsurance broker.

The new unit, known as Acrisure Re Capital and Captives, will be led by Seth Denson, head of captives, reporting to Simon Hedley, global chief executive officer of Acrisure Re.

Acrisure Re said the integration is aimed at growth and will strengthen its offering in reinsurance; corporate advisory through Acrisure Re Corporate Advisory and Solutions; and capital and captives.

Almost 70% of capital and captives business focuses on the U.S. life and health segment, where alternative and self-insured medical plans are among the fastest growing areas of the U.S. medical insurance market. The remaining 30% operates across property/casualty, which is targeted for expansion within the Acrisure Re platform, the company said.

"Our segregated cell infrastructure adds a level of flexibility that differentiates us in how we design and deliver solutions," Denson said in a statement. "As part of Acrisure Re, we are fully equipped to build and scale a market-leading platform."

The new department will provide clients with "comprehensive solutions" from feasibility studies and program design to reinsurance origination, placement and capital markets access.

The move comes after another U.S. firm, Beyond Risk, said it has launched Beyond Health Partners, a health benefits funding specialist it said will unify stop-loss, captive and cost containment businesses under one platform (BestWire, April 16, 2026).

Beyond Health Partners will work collaboratively across brokers, employers, third party administrators and vendors to secure better outcomes, it said in a statement.

The new unit unifies organizations including SL Management Partners LLC, Captive Solutions & Options, and the Beyond Health captive team into one platform to support traditional and alternative health benefits funding strategies, the company said. The new entity will manage more than $175 million in gross written stop-loss premium for brokers and mid-market employers in the United States.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
April 22, 2026

Blackwell Captive Solutions Develops Cannabis-Focused Group Captive on Medical Stop-Loss

Blackwell Captive Solutions, a group medical stop-loss captive aimed at reducing health care costs, said it has developed a homogeneous captive designed specifically for cannabis operators and growers.

Blackwell said the new captive will introduce a risk pool limited to operators and growers, a workforce it said skews younger and with less incidence of chronic conditions. The new entity will be tailored to the industry's regulatory and risk profile, which hasn't been historically available.

"Long constrained by regulatory uncertainty and lingering stigma, the cannabis industry has remained largely excluded from more efficient insurance structures despite having workforce demographics that are well suited to them," Scott Byrne, president at Blackwell Captive Solutions, explained in a statement. "Many employers have been forced into fully insured plans that limit cost, visibility, and flexibility. We are building this captive specifically to change that dynamic," he added.

Blackwell's Cannabis Captive will be available in 24 states plus Washington, D.C., where both medical and recreational use are permitted, along with 16 additional states where cannabis is legal for medicinal purposes. The company said demand for cost-effective employee benefits is expected to grow with the industry.

Few captive-like structures to emerge in the past have actively pursued the cannabis market or offered solutions that are dedicated and scalable, Blackwell said. Rather than adapt existing models, the new captive will be built for an under-served industry, the company said.

The cannabis captive will operate as a standalone unit within Blackwell's broader captive platform, keeping with its strategy of developing solutions for markets that lack entry points into traditional risk financing mechanisms.

Shut out by most traditional insurers, captives have become critical for the cannabis industry.

Another company, Symphony Grow said in 2024 it had a novel way to get around insurers' "historical reluctance" to cover businesses in the cannabis industry: Let them form their own captive insurers (BestWire, Feb. 14, 2024).

Known as Symphony Grow Captive, the new program aims to help large and sophisticated business owners in the industry set up bespoke captives to serve their needs, according to a statement.

Medicinal marijuana is legal in some states while others in recent years have also approved it for recreational use. NORML, a group advocating legalizing responsible use of marijuana by adults, says only Idaho, Kansas, Nebraska, and South Carolina do not allow the use of cannabis in any capacity. The commercial insurance market hasn't kept pace with rapid growth in the industry, resulting in higher premiums, reduced coverage, larger deductibles and stringent policy terms, Symphony Grow said.

(By Terrence Dopp, senior associate editor, Best's Review: Terry.Dopp@ambest.com)
April 21, 2026

Beyond Risk Launches Health Partners Unit Encompassing Stop-Loss, Captive Capabilities

Beyond Risk said it has launched Beyond Health Partners, a health benefits funding specialist it said will unify stop-loss, captive and cost containment businesses under one platform.

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The new unit unifies organizations including SL Management Partners LLC, Captive Solutions & Options, and the Beyond Health captive team into one platform to support traditional and alternative health benefits funding strategies, the company said. The new entity will manage more than $175 million in gross written stop-loss premium for brokers and mid-market employers in the United Sates.

By having a unified platform, BHP will support the “full lifecycle” of health benefits funding including stop-loss underwriting and program management, captive strategy and participation, claims monitoring, cost-containment coordination, renewal planning and long-term risk management.

Managing general agent Origin Specialty Underwriters Agency LLC said last year it formed Origin Captive Solutions, a division that will focus on captive business in the middle market (BestWire, Feb. 12, 2025).

Origin Specialty, which is a partner company of Beyond Risk, focuses primarily on the restaurant, hospitality and construction industries.

The Origin Captive formation will see it partner with sister company GPW & Associates and a multi-disciplinary team of underwriters, actuaries certified public accounts and others to provide full-service creation and execution of captive solutions, according to a statement.

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
April 16, 2026

MGA Eirion Risk Underwriters Debuts Construction Professional Liability Program

Managing general agent Eirion Risk Underwriters has launched a construction professional liability program it said will address shifting professional liability exposures faced by contractors and project stakeholders.

The program offers coverages that include annual contractors professional and pollution liability, project-specific CPPL, and owner’s protective professional indemnity, Eirion Risk said in a statement.

It is backed by Lloyd’s capacity that is led by Beazley and will provide limits of up to $10 million, the statement said.

“The construction industry continues to evolve, with contractors taking on greater professional responsibilities across many projects,” Michael Davis, managing director of the CPL program at Eirion Risk Underwriters, said in a statement. “We developed this program to bring together experienced underwriting, strong policy forms, and focused claims management to support brokers and their contractor clients.”

The program will be made available nationwide through select wholesale and retail brokerages specializing in construction and professional liability, Eirion Risk said. The MGA said the program will feature its continuity of coverage provision designed to give additional grace in reporting professional liability claims when insureds maintain continuous coverage.

Eirion Risk Underwriters is affiliated with Beyond Risk, an alternative risk management provider that specializes in underwriters focused on flexible approaches to complex risks.

MGA Origin Specialty Underwriters Agency LLC said last year it formed Origin Captive Solutions, a division that will focus on captive business in the middle market (BestWire, Feb. 12, 2025). Origin Specialty, which is also a partner company of Beyond Risk, focuses primarily on the restaurant, hospitality and construction industries.

The Origin Captive formation will see it partner with sister company GPW & Associates and a multi-disciplinary team of underwriters, actuaries certified public accounts and others to provide full-service creation and execution of captive solutions, according to a statement.

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
April 15, 2026

Baldwin Group Launches Member-Owned Construction Captive Azimuth Re

Independent brokerage and advisory firm Baldwin Group launched Azimuth Re Ltd., a member-owned captive the company said is tailored to its construction clients.

Baldwin Group, which handles both personal and commercial lines, said in a statement the captive was launched in partnership with Innovative Captive Strategies.

It will bring together “high-performing” contractors in search of greater control and long-term stability in risk management, Baldwin Group said. Grouping companies under one underwriting approach will allow members to share risk, gain scale and can benefit from underwriting profits when the group performs well, the company said.

“In today’s ultra-competitive construction environment, the strongest contractors are those who can most effectively balance growth, risk, and profitability with precision and discipline,” Andy O’Brien, partner at the Baldwin Group, said in a statement. “As we move forward through 2026 and beyond, we anticipate volatility across many critical sectors of the construction insurance market.”

Azimuth will equip contractors with “industry-leading” risk management, claims and safety advisory in a model that is designed to outperform the traditional insurance market, he said.

The captive is designed for construction companies that pay $250,000 or more annually in workers’ compensation, general liability, and automobile premiums, the statement said. The program includes a $350,000 captive retention, which Baldwin Group said will align interests around safety performance and long-term financial outcomes.

Greg Deems, senior partner at Baldwin Group, in a statement said members in Azimuth operate under a single broker model and a shared risk lens that will be disciplined. It will go beyond placing coverage and guide member selection, risk strategy and long-term performance.

Baldwin Group said earlier this year it completed its acquisition of embedded insurance distribution platform Obie, a deal it said will expand capabilities for its managing general agent Millennial Specialty Insurance LLC (BestWire, Jan. 13, 2026).

Baldwin Group said in a statement that Chicago-based Obie specializes in insurance solutions for landlords and real estate investors through distribution channels including direct-to-investor and integrated partner platforms.

It will expand access to embedded insurance distribution capabilities for MSI and strengthen its real estate offerings, Baldwin Group said.

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
April 8, 2026

MedImpact Acquires Captives MHW Benefit Partners, MSL Captive Solutions

MedImpact Holdings Inc., a health solutions and benefits company, announced the acquisition of MHW Benefit Partners, formerly SRS Benefit Partners, and MSL Captive Solutions.

The pharmacy benefits management firm said in a statement its acquisition of the two risk-management firms will provide employers with “modular” and lower-cost alternatives to traditional insurance carriers. The company said it uses risk management and alternative financing to offer small and midsize businesses benefits akin to those found in larger, self-insured corporations.

“Small and midsize businesses today struggle to manage runaway health care costs with the inflexible and opaque traditional insurance programs,” said Zach Johnson, MedImpact executive vice president, in a statement. “We are putting power back in the hands of employers by giving them innovative alternatives, transparency, flexibility, and total control.”

MHW Benefits Partners assists businesses, either alone or as part of a group, form, grow and evolve captives, consortiums and other employee benefit programs, MedImpact said. MSL Captive Solutions provides medical stop loss coverage to protect self-insured employers from health care claims that are potentially catastrophic, it said.

Lorraine Lewis, executive vice president, Alliant Insurance Services, said captive insurance programs enable companies to fund growth and strategic initiatives (BestWire, Jan. 5, 2026). She said captives can also help companies in “making some purpose” out of a chaotic insurance environment.

MG Insurance Co., a rated entity of MedImpact Holdings Inc., has a current Best’s Financial Strength Rating of B (Fair).

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
March 13, 2026

Courts

Federal Court Vacates 'Listed Transaction' Portion of IRS Microcaptive Rule

A federal court struck down an Internal Revenue Service rule that designated certain microcaptives as "listed transactions," but said the IRS properly applied "transaction of interest" designations through the rule.

The challenged rule aimed to label a microcaptive as a transaction of interest if the insured entity owns at least 20% of the voting power or value of the captive, and the loss ratio is less than 60 or the transaction didn't generate taxable income during the past five years for the recipients of the funds (BestWire, Jan. 21, 2025). A company could be considered a microcaptive listed transaction if it provides certain financing factors or has a loss ratio of less than 65.

The goal was to end what the IRS said were abusive microcaptive structures, which lack many of the attributes of genuine insurance.

In the underlying lawsuit, Drake Plastics Products LLC argued the rule targeted taxpayers using the 831(b) election, which is designed to allow companies to leverage captive insurers as a tool to manage unique and hard to insure risks, Drake Plastic said in a statement (BestWire, Aug. 21, 2025).

In rejecting the listed transactions portion, the IRS' rule exceeded its authority and was not based on information directly relevant to whether a transaction is presumptively a tax-avoidance transaction, according to the opinion from the United States District Court for the Southern District of Texas, Houston Division.

The Texas federal court ruled the two sections of the rule were severable, as the final rule was codified in two separate sections in the Code of Federal Regulations. Additionally, the sections relied on separate regulations and eliminating one section would not affect a taxpayer's obligations under the other section, the opinion said.

In upholding the transaction of interest designation, the court said the administrative record is clear these transactions may not really be for insurance and the "potential for tax avoidance or evasion is patent," the opinion said.

The SRA 831(b) Admin, microcaptive plan administrator and a co-plaintiff in this litigation, said the ruling makes clear that the IRS overreached by broadly labeling certain arrangements as listed transactions and that distinction matters.

"There's a fundamental difference between targeting bad actors based on specific facts and sweeping an entire category of legitimate risk management structures into a presumptively abusive bucket," Dustin Carlson, president of SRA 831(b) Admin, said in an email. "When you look across the legal landscape, from the Supreme Court's decision in 'CIC Services' to more recent district court rulings, you see a consistent theme: Regulators have authority, but they still have to follow the law and justify how they use it."

Carlson said the rule is of heightened importance now as traditional carriers tighten underwriting, increase premiums and add exclusions for risks such as cyber, supply chain disruption and certain liability exposures. This is moving more businesses to turn to 831(b) captives to manage these risks.

"This ruling provides a measure of clarity and confidence for those businesses," Carlson said. "It doesn't eliminate scrutiny, nor should it, but it does push back on the idea that these structures should be treated as inherently suspect."

The takeaway, he said, is that well-structured, properly operated 831(b) arrangements remain legitimate and an important tool in markets where traditional insurers are pulling back.

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
April 23, 2026

Federal Court Rule in Favor of IRS in Microcaptive Case

A federal judge has ruled in favor of the Internal Revenue Service in a case involving microcaptive insurance and issues of taxation.

District Judge Travis McDonough, sitting in the Eastern District of Tennessee, denied a motion for summary judgment filed by captives manager CIC Services LLC, which argued the IRS regulations on some captive arrangements were "arbitrary and capricious."

At issue was an IRS decision in 2016 aimed at preventing some taxpayers from structuring captive insurers to claim tax benefits without providing real insurance to the parent company. Notice 2016-66 classified microcaptive insurance transactions as "transactions of interest," which required some taxpayers and material advisers to provide additional information to the IRS.

In 2017, CIC filed a lawsuit asking the court to set aside the requirement and issue an injunction prohibiting enforcement. CIC, which helps small business form and manage captives, argued the IRS overstepped its authority under the Administrative Procedures Act, according to court filings.

A court in 2022 invalidated the earlier notice, and the IRS in 2025 submitted a revised final rule.

“The Treasury Department and the IRS are only required to provide a ‘reasonably discerned’ path for its decision from the administrative record,” the ruling said. “They have satisfied that obligation. As a result, the final rule and accompanying regulations do not constitute arbitrary and capricious agency action.”

McDonough’s order said the IRS final rule does not “disallow or curtail” any entity’s ability to claim tax benefits under the 831(b) microcaptive guidelines, and it triggers reporting requirements designed to allow the agency to see whether the arrangements exist for legitimate insurance purposes. “Under these circumstances, the Treasury Department and the IRS have reasonably explained the rationale for the final rule and accompanying regulations,” the decision said.

CIC Services and Ragnar Group Inc. last year launched a Utah-domiciled captive insurer aimed at addressing issues for bars and restaurants that have led to high premiums due to misclassified risks (BestWire, Oct. 1, 2025).

Traditional carriers often err by placing establishments into broad categories such as “sports bar” that can lead to increasing premiums regardless of actual risk, the companies said in a statement.

The new captive uses underwriting guidelines such as hours of operation, type of alcohol served, entertainment options and management practices to align members with similar profiles.

(By Terrence Dopp, senior associate editor, Best’s Review: Terry.Dopp@ambest.com)
March 11, 2026

Carolina Business Court Hands Captive Split Ruling on $116 Million Litigation Investment Lawsuit

A North Carolina business court dismissed a breach of contract claim filed against a captive insurer over an $116 million litigation-investment claim denial but allowed allegations of bad faith and unfair trade practices to proceed.

The underlying claim was filed by Watts Guerra LLC, which invested in mass tort lawsuits that had an overall value of more than $340 million, according to the order and opinion from the Superior Court Division of the North Carolina General Court of Justice.

To cover the investment, Watts paid $7 million for 12 separate $10 million insurance policies from special-purpose captive Series 1 of Oxford Insurance NC LLC, the order said. The policies were designed to cover the difference between Watts’ expected $120 million payout and the actual return on investment.

The policies were reinsured by Teton Risk Mitigation Solutions LLC, which told Watts in the spring of 2024 that Oxford would not pay any claim, according to the order. This was because its parent company, Accession Risk Management Group, was looking to be acquired around the same time a rating agency had signaled Oxford was having financial difficulties due to a shift to insuring large, financial guarantee/judgment preservation policies.

Brown & Brown Inc. agreed to purchase RSC Topco Inc., the holding company of Accession, for $9.825 billion in June 2025 (BestWire, June 10, 2025).

In July 2024, and prior to filing any claim, Watts met with Oxford and Accession executives, who expressed concern about representations made to secure the policies. The order said the specifics of these concerns were not identified, but the discussion made it clear the contracts would not be recognized.

Accession doubled down in the summer of 2024 when one of its lawyers told Watts the company would deny any claim he filed and threatened to rescind the policies altogether, the order said.

As September 2024 neared, the investment only generated around $2 million and Watts prepared a claim, the order said.

In October 2024, a manager with Teton reiterated that any claim would be denied, explaining Accession wanted to avoid any large payout that could jeopardize a potential acquisition. Watts was asked five days later to delay filing any claim as Accession sought a buyer for the LLC’s interest in the lawsuits. In November 2024, a deal materialized but Oxford refused the assurances needed to close the transaction, the order said.

On Nov. 29, 2024, Watts filed a claim for roughly $118 million, and the following month Oxford said it would handle the investigation and adjust the claim, the order said. The insurer followed up two weeks later to request additional documents, which Oxford said were not fulfilled to policy specifications.

Months of back and forth followed this initial claim, with Oxford tapping another outside party to seek a buyer for Watts' investment and again asking the policyholder to delay filing a claim, according to the order. Watts claimed Oxford did not cooperate with the third party and did not perform due diligence to support the deal, making any transaction impossible.

Watts eventually filed a second claim, this one for $116 million, in June 2025, and Oxford again requested the same documents Watts allegedly failed to provide previously, the order said.

In dismissing the breach of contract claim, the court said Watts failed to meet policy obligations that required the company to submit "all other information requested" by Oxford as part of a claim investigation.

However, the court said Oxford can still be held liable for bad faith and unfair trade practices, which do not require the success of a breach of contract claim. Previously, state courts have ruled that bad faith claims can survive even when an insurer has not deny coverage, so long as a delay was driven by bad-faith efforts.

Attempts to gain comment from Accession was unsuccessful.

Operating Entities of Brown & Brown Inc. have current Best's Financial Strength Ratings of A (Excellent) and A- (Excellent).

(By Steve Hallo, senior associate editor, BestWire:Steve.Hallo@ambest.com)
March 5, 2026

Ratings

AM Best Affirms Credit Ratings of Lion Reinsurance Company Limited

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

The ratings reflect Lion Re'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 stable outlooks reflect AM Best's expectation that Lion Re will maintain its overall balance sheet strength assessment of very strong, supported by risk-adjusted capitalization at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), while ongoing strategic initiatives implemented by management will maintain operating performance supportive of the current ratings over the intermediate term.

Lion Re is a subsidiary of ASSA Compañía Tenedora, S.A. (ASSA Tenedora) and is owned ultimately by Grupo ASSA, S.A. (Grupo ASSA), a financial services holding company publicly traded on the Panama Stock Exchange.

Lion Re is a captive Bermuda-based reinsurer assuming risks from ASSA Tenedora affiliates for property, auto, civil liability, marine, group life, health and miscellaneous businesses. AM Best recognizes its strategic role in the group's overall regional strategy; however, as it is a captive, Lion Re's business profile is considered limited when compared with other commercial reinsurers.

Lion Re's capital base is supportive of its risk-adjusted capitalization, assessed at the strongest level, as measured by BCAR, as well as its balance sheet strength assessment, which is very strong. Lion Re continues to perform an important role in ASSA Tenedora's strategy as it consolidates operations in the Central American region by providing reinsurance capacity.

Lion Re's adequate level of operating performance results from its affiliated insurance companies in the Central American region, as well as its affiliation to Grupo ASSA, which provides synergies, operating efficiencies and financial support. The company reviews its underwriting guidelines constantly to improve the performance of its business segments that are deviating from targets. Investment income, based on a conservative strategy, continues to support Lion Re's results; however, it is not dependent on this type of revenue to achieve positive bottom-line results. As of December 2024, Lion Re's consistent profitability was reflected in a return-on-equity ratio above 30%. In 2025, the company remained profitable and in line with previous results.

Factors that could lead to negative rating actions include a material loss of capital, which reduces the company's risk-adjusted capitalization to a level that does not support its ratings, or a diminished strategic importance of Lion Re to the group. Factors that could lead to positive rating actions include a greater degree of perceived integration of Lion Re's role within the group, while maintaining financial support of its parent.

April 23, 2026

AM Best Upgrades Credit Ratings of Fidvest US LLC

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 Fidvest US LLC (Fidvest) (Charleston, SC). The outlook of these Credit Ratings (ratings) has been revised to stable from positive.

The ratings reflect Fidvest’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 (ERM).

Fidvest is a pure captive insurance company wholly owned by FMR LLC (FMR), the parent company of Fidelity Investments.

The rating upgrade reflects continued improvement in the company’s operating performance since 2021, which has resulted in AM Best’s current assessment of adequate. The stable outlook is driven by AM Best’s expectation that the company’s operating performance will continue to be sustained at such levels. Following a period of underwriting volatility, management has instituted several correcting initiatives that have stabilized Fidvest’s operating results such as pricing adjustments, enhanced reserving practices and revised limits and retentions. Improved underwriting profitability has been noted since that time and organic surplus growth has been achieved. Going forward, AM Best will continue to monitor trends in Fidvest’s underwriting performance and overall operating results.

Fidvest maintains a very strong level of balance sheet strength, reflective of its strongest level of risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), conservative investment risk profile and strong liquidity position. Partially offsetting these factors is the volatility in Fidvest’s loss reserve balances related to professional liability claims and related litigation expenses.

AM Best assesses Fidvest’s business profile as limited, as it covers professional liability, workers’ compensation, property, automobile liability, general liability and cyber coverage for its parent in the form of deductible reimbursement and high excess policies. Fidvest maintains an ERM structure that is appropriate for a company of its size, and as a part of FMR, also benefits from and is an integral part of the parent company’s ERM framework. In addition, the ratings receive lift from its parent, FMR, a large and diversified financial services organization. The enhancement considers Fidvest’s strategic importance to FMR, as well as FMR’s ability to provide financial flexibility to Fidvest should it become necessary.

April 8, 2026

AM Best Assigns Credit Ratings to GUNA Re

AM Best has assigned a Financial Strength Rating of A- (Excellent) and a Long-Term Issuer Credit Rating of “a-” (Excellent) to GUNA Re (Cayman Islands). The outlook assigned to these Credit Ratings (ratings) is stable.

The ratings reflect GUNA Re’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.

GUNA Re was established in February 2026 in the Cayman Islands as a new single-parent captive for ITOCHU Corporation (ITOCHU) with a plan for all existing businesses to be novated from NEWGT Reinsurance Company, Ltd., which is the existing captive insurer of ITOCHU in Bermuda. The re-domiciliation is being undertaken to support the expansion of third-party business. ITOCHU is one of the largest general trading companies in Japan.

GUNA Re’s balance sheet strength assessment reflects the strongest level of projected risk-adjusted capitalisation, as measured by Best’s Capital Adequacy Ratio (BCAR), which is based on the company’s business plan. Although GUNA Re’s underwriting risks stemming from anticipated business expansion are likely to remain a predominantly capital consumption factor, AM Best notes that management intends to carefully monitor and control the pace of business expansion with appropriate capital management to maintain the company’s current level of risk-adjusted capitalisation. The assessment is further supported by GUNA Re’s projected conservative investment strategies and low dependence on retrocession.

GUNA Re’s adequate operating performance assessment reflects the expectation that it will achieve overall profitable results based on its business plan, which projects low double-digit return-on-equity (ROE) and favourable combined ratios for the next five years. The company anticipates moderate growth in gross written premium and underwriting profits over the next five years. While the operating performance will be mainly supported by the expansion of third-party business, the ITOCHU-related captive business will remain a steady contributor.

Although the third-party business expansion may lead to some erosion of underwriting control for GUNA Re compared to its group-related captive business, AM Best notes that the expansion includes growth of businesses sourced through the parent’s global relationships and affiliated channels, which could partially mitigate the potential risk.

Overall, GUNA Re's core business objective as a captive insurer and its several competitive advantages including strict governance of the group, and cautious and selective underwriting management remain the same.

Negative rating actions could occur if GUNA Re's aggressive expansion into third-party business leads to a deterioration in its business profile, driven by stronger competition and reduced underwriting control inherent to a traditional single-parent captive business model. Negative rating actions also could arise if there is a material decline in its risk-adjusted capitalisation such as from heightened underwriting risk due to an aggressive business expansion or an excessive dividend payout to its ultimate parent. Additionally, negative rating actions could occur if there is significant deterioration in ITOCHU's credit profile.

Although unlikely in the near term, positive rating actions could occur if GUNA Re demonstrates sustainable improvement in its underwriting and operating profitability for a period of time, while maintaining a robust level of risk-adjusted capitalisation.

March 20, 2026

AM Best Affirms Credit Ratings of PanAsia Reinsurance Inc.

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of "a-" (Excellent) of PanAsia Reinsurance Inc. (PanAsia Re) (Hawaii). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect PanAsia Re'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 (ERM). The ratings also reflect the implicit and explicit supports received from the parent, Hikari Tsushin, Inc. (Hikari Tsushin).

PanAsia Re's balance sheet strength reflects its projected risk-adjusted capitalization as measured by Best's Capital Adequacy Ratio (BCAR), which is expected to be at the strongest level for fiscal-year 2025 and beyond for the medium term, supported by sizable capital injection from the parent in mid-2025. The assessment is additionally underpinned by PanAsia Re's strong capital growth trajectory, low reinsurance dependence and conservative investment portfolio. The company's capital base has grown significantly over the last five years, expanding 102.9% between fiscal-year 2020 and fiscal-year 2024, driven by internally generated capital from profitable underwriting and capital infusion from the parent.

PanAsia Re's adequate operating performance assessment is based on its operating profitability with double-digit average returns on equity and favourable combined ratio over the last five years. The company's small amount and short-term insurance (SASTI) business, which constitutes the majority of its underwriting portfolio, typically has loss ratios below 25%, although it bears relatively high commission expenses payable to its parent. PanAsia Re expects a gradual expansion of its SASTI business, while also exploring non-SASTI opportunities to increase and diversify its premium base with sustainable profitability, although there is some uncertainty regarding the volatility of newer operations facing limited historical experience.

Currently, PanAsia Re operates under a captive license, which allows reinsuring risks from the group companies, as well as selected third-party business upon regulatory approval. The company's limited business profile assessment reflects its modest business scale, as well as its product lines and geographic concentration writing small personal property damage and health and accident policies mainly emanated from Japan. PanAsia Re has a risk management framework that is largely integrated with its parent.

A negative rating action could occur if PanAsia Re's risk management framework and capabilities fail to evolve in tandem with its business expansion plan to third-party business. A negative rating action could also arise if there is a material decline in the company's risk-adjusted capitalization such as from heightened underwriting risk due to aggressive business expansion or an excessive dividend payout to its parent. A further negative rating action could occur if there is significant deterioration in Hikari Tsushin's credit profile or its willingness to support PanAsia Re.

Although unlikely in the near term, positive rating actions could occur if PanAsia Re demonstrates sustainable improvement in its underwriting and operating profitability for a period of time, while maintaining a robust level of risk-adjusted capitalization and appropriate ERM.

March 20, 2026

AM Best Withdraws Public Credit Ratings of Cadence Indemnity Inc.

AM Best has downgraded the Financial Strength Rating to B- (Fair) from B++ (Good) and the Long-Term Issuer Credit Rating to "bb-" (Fair) from "bbb+" (Good) of Cadence Indemnity Inc. (Cadence) (Texas). Additionally, AM Best has placed these Credit Ratings (ratings) under review with negative implications. Concurrently, AM Best has withdrawn these public ratings of Cadence per the company's request. Operating as a single-parent captive, Cadence provides coverage for a diversified portfolio of risks from several commonly owned operating companies.

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

The rating downgrades reflect the weakening in Cadence's balance sheet strength, driven by a significant decline in risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), and increasing underwriting leverage metrics. In the latter half of 2025, Cadence experienced premium growth that substantially deviated from the business plans originally shared with AM Best at the time the company was initially rated in March 2025. Consequently, the captive's underwriting risk materially increased, causing a significant decline in its BCAR score. These rating actions also reflect a revision in AM Best's assessment of Cadence's ERM to marginal from appropriate. The ratings will remain under review with negative implications pending additional meetings with management to evaluate Cadence's ERM framework, including risk mitigation strategies and processes, receipt of a revised business plan, the filing of Cadence's year-end 2025 statutory financial statements and the finalization of its year-end actuarial review.

March 18, 2026

AM Best Affirms Credit Ratings of Torreyana Insurance Company, Inc.

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

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

The very strong balance sheet strength assessment of TIC is supported by the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR). TIC has a highly liquid investment portfolio that consists predominantly of cash and cash equivalents. In 2025, the company added a loan back to its parent, Vertex Pharmaceuticals Incorporated (Vertex). The growth in TIC's surplus is funded largely with internally generated capital from profitable underwriting and overall operations while capital contribution from its parent also has supported surplus growth. The captive is reliant on reinsurance to protect surplus from losses due to catastrophe events; however, it buys adequate protection for these purposes with a high-quality and diversified panel of reinsurers.

TIC's strong operating performance is evidenced by its pre-tax and total returns on revenue and equity that readily outperform industry averages. In addition, the five-year average combined ratio compares favorably with the industry average due to the captive's prudent risk management and low underwriting expense structure that produces significant net underwriting income annually. TIC is a wholly owned captive insurance subsidiary of Vertex, created to insure or reinsure specific risks of its parent organization. AM Best assesses the business profile as neutral as TIC is diverse geographically and by product, as it offers numerous coverages for its global parent.

ERM is appropriate for the captive as its practices have emanated from its parent, Vertex, leading to its establishment. Vertex is a global biotechnology company that invests in scientific innovation to create transformative medicines for people with serious diseases. The company now has seven approved medicines: five that treat cystic fibrosis ("CF"), one that treats severe sickle cell disease ("SCD") and transfusion-dependent beta thalassemia ("TDT"), and one that treats moderate-to-severe acute pain - and continues to advance clinical and research programs in these diseases.

March 12, 2026

AAM Best Downgrades Credit Ratings of Energas Insurance (L) Limited

AM Best has downgraded the Financial Strength Rating to A- (Excellent) from A (Excellent) and the Long-Term Issuer Credit Rating to "a-" (Excellent) from "a" (Excellent) of Energas Insurance (L) Limited (ENERGAS) (Malaysia). The outlook of these Credit Ratings (ratings) has been revised to stable from negative.

The ratings reflect ENERGAS' 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. In addition, the ratings factor in neutral impact from the parent company, Petroliam Nasional Berhad (Petronas), which is the national oil and gas company of Malaysia.

The rating downgrades reflect a trend of deterioration and increased volatility in ENERGAS' operating performance in recent years, with higher-than-expected frequency of large losses resulting in large underwriting deficits for the company. Underwriting performance in 2025 remained negatively impacted by adverse loss experience, soft market conditions and reserve strengthening, although ongoing portfolio remediation measures are expected to support earnings recovery over the medium term. Investment performance remains as a robust positive contributor to overall earnings and is expected to remain as a key contributor to the company's bottom line over the medium term.

ENERGAS' balance sheet strength assessment is underpinned by its risk-adjusted capitalisation, as measured by Best's Capital Adequacy Ratio (BCAR), which is expected to be at least at the very strong level over the medium term. AM Best views ENERGAS' investment portfolio as conservative, with a majority of investments allocated to cash and deposits, and the remainder invested in good quality government and corporate bonds. The company's high reliance on reinsurance to manage its risk accumulation is an offsetting balance sheet factor, which makes it susceptible to changes in the availability and costs of reinsurance capacity.

AM Best assesses ENERGAS' business profile as neutral. As a single-parent captive to Petronas, ENERGAS benefits from business access to the group's insurance risks. However, the company's underwriting portfolio shows concentration by line of business and geography, with a significant focus on upstream and downstream energy risks located in Malaysia.

March 12, 2026

AM Best Affirms Credit Ratings of Ma'aden Re Limited

AM Best has affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of Ma'aden Re Limited (MRE) (United Arab Emirates), a captive reinsurer of Saudi Arabian Mining Company (Ma'aden) (Saudi Arabia). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect MRE'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 reflect, in the form of rating enhancement, MRE's strategic importance to its parent, Ma'aden.

MRE's strong balance sheet strength assessment is underpinned by robust risk-adjusted capitalisation, moderate underwriting exposure, a low asset risk profile and the good credit quality of its retrocession programme. Partly offsetting to the balance sheet strength assessment is the captive's high dependence on retrocession, particularly following the increase of its risk limit, which elevates credit risk under a stressed scenario.

MRE is a single-parent captive, domiciled in the Dubai International Financial Centre, established in November 2021. The captive underwrites Ma'aden's whole property damage and business interruption reinsurance programme. Additionally, it has started to modestly expand into additional lines to meet the insurance needs of Ma'aden. MRE's risks are concentrated to Saudi Arabia, where the majority of Ma'aden's assets are located.

MRE's is expected to generate a profitable return for the year ended 2025, and over the medium term, will remain supportive of an adequate assessment. The result for the year ended 2025, will be negatively impacted by one large claim. MRE generated a profit of USD 5.8 million in 2024 (2023: USD 13.6 million), its third full year of operation, translating into an annualized return on equity of 9%, as calculated by AM Best. The captive's 2024 profit was driven by strong technical profitability, the result of a relatively benign loss year and healthy investment income. Whilst MRE has reported solid results in 2024 and 2023, the captive's performance is subject to volatility as evidenced by the negative underwriting result, which was reported in its first year of operation in 2022. This followed two large claims that exhausted its aggregate yearly limits and resulted in a combined ratio of 175.9%.

February 20, 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

AM Best Affirms Credit Ratings of Rural Trust Insurance Company and National Telcom Corporation

AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Ratings of "a-" (Excellent) of Rural Trust Insurance Company (RTIC) (Dallas, TX), and its newly added subsidiary, National Telcom Corporation (NTC) (Burlington, VT). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect RTIC'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.

NTC is a Vermont association captive formed in 1982 to provide coverage for members of its sponsor, National Telecommunications Cooperative Association (NTCA). NTC also reinsures two fronting insurers - RTIC and Companies of the Great American Insurance Group (unaffiliated) - and financially assumes a portion of each loss from the NTCA members. NTC acts as a niche captive insurer for rural telecommunications companies across the United States. NTC helps telecommunications businesses manage financial risk by providing industry specific insurance and risk management solutions.

RTIC acts as an extension of NTC and writes the business directly although there are some restrictions as RTIC is licensed only in 36 states. RTIC is pushing to license in all 50 states in the coming years. NTC and RTIC maintain a 50% quota share contract.

The ratings reflect the notable improvement in operating and underwriting results for NTC and RTIC in 2025, after 2024 was impacted by a significant tornado event driving underwriting losses. The continued growth at RTIC, largely from rate actions, has resulted in higher premium levels at both organizations. In an effort to reduce volatility in the underwriting book of business, RTIC has taken various actions to secure this goal including but not limited to rate increases, amending terms and conditions, and targeted state expansion. Risk-adjusted capitalization continues to support the higher premium levels and an expanding book of business while also benefiting from shareholder capital raises at NTC and RTIC in 2024. Shareholders have raised additional capital for NTC in 2020 and 2021, whereas at RTIC, this was the first capital raise since inception in 2014.

February 19, 2026

AM Best Affirms Credit Ratings of Park Assurance Company

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

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

Park's strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), reflects its conservative loss reserving practices and favorable development trends, along with its conservative investment portfolio and strong liquidity measures. Park is well-capitalized through retained earnings, as the captive has reported consistently favorable pure loss ratios in combination with its low-cost underwriting expense structure to produce favorable operating earnings year after year, which have outperformed the commercial property composite by a wide margin. The ratings further reflect Park's sophisticated risk management strategy and practices, experienced management team and its integral role as a single-parent captive of JPMorgan Chase Holdings LLC, which is a subsidiary of JPMorgan Chase & Co. (JPMorgan Chase) [NYSE: JPM], a leading global financial services group.

However, AM Best considers Park's business profile to be limited due to its product concentration risk, offering limited lines of coverage on a net basis.

Partially offsetting these factors is the potential credit risk associated with Park's extensive use of reinsurance, which management utilizes to mitigate its exposure to oversized losses on substantially valued insured locations, as well as its reliance on the protection afforded by the Terrorism Risk Insurance Program Reauthorization Act. Park provides JPMorgan Chase with global property coverages, including terrorism, cyber and banker's blanket bond. These coverages are key components of JPMorgan Chase's risk management strategy, and Park benefits from the explicit support of the group's significant financial resources and extensive professional resources.

February 19, 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.

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

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

News of the Alternative Risk Markets

[View the Value of an AM Best Captive Rating]

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

[Best's Credit Ratings for Captives: An Overview]

[Best's Credit Rating Process]

Best's Captive Reports:

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

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

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

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

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

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

[Best's Market Segment Report: Commercial Market Dislocation Could Provide New Opportunities for Captives to Fill the Void]

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

[Market Segment Report: Feasibility and Utility Sustain Rated Captives' Excellent Profitability]

AM Best Briefings:

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

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

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

Preparing for a Captive Rating Meeting:

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

[Captive Insurance Data Requirements for a Best's Credit Rating]

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

[News of the Alternative Risk Markets from AM Best]

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