

Investing in the future

Alabama Captive Insurance Association's Norman Chandler discusses the rollout of its new internship programme and growth within the state's captive industry



Airmic Fest

Airmic CEO John Ludlow discusses what attendees can expect from this year's virtual conference

Emerging Talent

Justin Law, chief operations officer Arsenal

Cyber Risk

Industry participants suggest why a captive can play a significant role in assisting with cyber risks

captiveinsurance**times**

Issue 207

www.captiveinsurancetimes.com

Published by

Black Knight Media Ltd

16 Bromley Road, New Beckenham
Beckenham, BR3 5JE

Editorial

Editor: Becky Bellamy

beckybutcher@blackknightmediatd.com
Tel: +44 (0)208 075 0927

Reporter: Maria Ward-Brennan

mariawardbrennan@blackknightmediatd.com
Tel: +44 (0)208 075 0923

Contributor: Maddie Saghir

maddiesaghir@blackknightmediatd.com

Contributor: Rebecca Delaney

rebeccadelaney@blackknightmediatd.com

Designer: James Hickman

jameshickman@blackknightmediatd.com

Marketing and sales

Publisher: Justin Lawson

justinlawson@captiveinsurancetimes.com

Associate Publisher: John Savage

johnsavage@captiveinsurancetimes.com
Tel: +44 (0)208 075 0932

Office Manager: Chelsea Bowles

Tel: +44 (0)208 075 0930

Follow us on Twitter: @CITimes

Copyright © 2020 Black Knight Media Ltd
All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without permission in writing from the publisher. Company reg: 0719464



In this issue



Cyber Risk

After a surge in online criminal activity during the COVID-19 pandemic, industry participants suggest why a captive can play a significant role in assisting with cyber risks

page 25

News Focus

page 7

ACIA Focus

ACIA's Norman Chandler discusses the rollout of the association's new internship programme

page 15

Employee Benefits

Successful employee benefit captive management is all about corporate philosophy and risk appetite, as highlighted during the COVID-19 pandemic, says Fabian Vanhecke and Lara Ribeiro of GEB Network

page 18

Airmic Update

Airmic CEO John Ludlow reveals what attendees can expect from this year's virtual conference

page 22

Emerging Talent

Justin Law, chief operations officer at Arsenal Insurance Management

page 33

Set up an EU based protected cell with the independent experts

Capital, time & cost efficient alternative to a standalone insurer or captive
Direct access to the UK and EU market



People you can trust

Contact us on t: +356 2343 5221 | e: cells@atlaspcceu.com | www.atlaspcceu.com

Atlas Insurance PCC Limited is a cell company authorised by the Malta Financial Services Authority to carry on general insurance business.



How to bring ‘mature’ advantages to EB captive programmes

Successful employee benefit captive management is all about corporate philosophy and risk appetite, as highlighted during the COVID-19 pandemic, says Fabian Vanhecke and Lara Ribeiro of Generali Employee Benefits Network. But how do you build in such a level of maturity when all eyes are on costs?

The management of COVID-19 pricing has shown two sides of the same coin when it comes to employee benefit (EB) captive programme behaviours.

On one side is those that worked closely with their local subsidiaries and network insurers to facilitate waiving all relevant existing exclusions, with a view to prioritising quality of coverage;

and on the other side, those that ensured all exclusions remain in place – perhaps because their workforce is made up of a young demographic so the risk is mitigated.

Removing exclusions in the latter circumstance might only serve to put undue pressure on local insurers to do the same in order to remain competitive.

These responses to the COVID-19 outbreak help highlight the fact that the success of a captive is not just about pricing, it is about added value.

This is only achieved through understanding corporate philosophy and risk appetite. Pricing might represent the differentiator at the start of the journey, but over time it's the human dimension that will ensure sustainability.

The pandemic effect

COVID-19 has not changed any of this, but it has arguably readjusted the business balance towards people. During lockdown, there was a lot more evidence of wellbeing, flexibility and support. Right now though, faced with an underlying economic crisis, the narrative for businesses across the world has quickly shifted towards business recovery. This is all about survival. Organisations are going to need a lift-off performance during the ongoing return-to-work phase in order to 'up' the financials. The priority is to balance the short-term need to reduce outgoings and the long-term impact these decisions can have on people and business. EB captive programmes can help greatly in this regard.

Where's the roadmap?

There's no blueprint though as no two organisations are the same and, accordingly, no two captives are the same. Understanding corporate philosophy is all about getting to grips with: what is the DNA of the organisation? What's their purpose and ethos? The thing that determines their priorities and their risk appetite. Ultimately, it's about understanding people – such as employees, local communities, network insurers and other key stakeholders.

But how do you build in this deep level of understanding? Not to mention the associated collaboration between all parties required to help the captive move forward?

Feasibility assessment

For this, the benefits of carrying out a feasibility study cannot be under-estimated: either

at the very start to assess the value of adding employee benefits to a captive arrangement and looking at how to proceed; or over time to identify gaps in coverage as part of an existing EB captive.

A feasibility study would bring to the core all the pragmatics, allowing organisations to better articulate and understand their own philosophy and risk appetite, before making any decisions. It would ensure network insurers are assessed not only on pricing where everything becomes equal over the long term, but also on the added value they bring to all the market players involved to establish how they can support the organisation's priorities.

Once a captive and its network partners are clear and aligned on corporate philosophy and risk appetite, they can raise the bar far beyond the financial aspects such as pricing optimisation and cost control, ensuring that the benefits programme supports people-related priorities, in terms of recruitment, retention, productivity and profitability, in a way that is sustainable.

Some of these non-financial aspects include:

- Tailor-made underwriting such as cost containment, medical underwriting
- Streamline process and global communication with insurance partners
- Flexible terms and conditions
- Easy access to information/single point of contact
- Digitisation: paperless/signature in insurance, captive reporting, online data access
- Prevention and mitigation: medical underwriting, local and central health and wellbeing initiatives
- Social trends alignment: for example, same-gender partners and mental health to be included in the terms and conditions

With age comes experience

It is generally the case that the more mature the EB captive, the more focused on the non-financial aspects it becomes.

Those organisations that have been using a captive arrangement for 10 to 15 years have reached a high level of underwriting skills, therefore economy of scale is no longer the key goal.

New captive arrangements tend to be more focused on the financial aspects only. This is perhaps understandable considering the lack of history and, hence, lack of knowledge.

However, some of the non-financial advantages could be realised at a much earlier stage, as mentioned above. Arguably, they should be realised at an early stage. As the COVID-19 experience has shown, the power to improve quality – as opposed to just cost – of coverage could be proven extremely valuable both to employees and to business.

Insights and early-mover advantages

There is an argument that considering the importance of corporate philosophy and risk appetite, the request for proposal (RFP) process should include consideration of these aspects, as opposed to pricing only.

If an assessment of a potential partner were not only based on how they perform as a financial operation but also on whether their philosophies were aligned, it could help make the relationship more productive from day one.

During the RFP phase, pricing is everything and here this is little differentiation between

providers. What really sets a captive apart from its peers is the extent to which it is maximising the non-financial aspects.

Unfortunately, in the absence of a feasibility study, the first opportunity to assess whether philosophies are aligned comes after the RFP decision has been made: at the implementation phase.

New captive arrangements tend to be more focused on the financial aspects only. This is perhaps understandable considering the lack of history and, hence, lack of knowledge

Fabian Vanhecke

WEMEA regional manager
Generali Employee Benefits Network

At this stage it often becomes clear that continuing with the captive journey will require an investment of considerable time in building relationships with local HR because corporate philosophy hasn't been articulated and understood within the organisation, never mind across other stakeholders. This is a common experience of course and certainly not a deal breaker, but it could largely be avoided. ■



What really sets a captive apart from its peers is the extent to which it is maximising the non-financial aspects

Lara Ribeiro

Captive manager
Generali Employee Benefits Network



Enhancing your EB programme: key points

It's a case of the bigger the better when it comes to a captive programme. The more business an organisation includes within the captive, the greater the opportunities to influence the financial and non-financial aspects.

During the COVID-19 pandemic, captives are realising some of these non-financial advantages in terms of facilitating the removal of exclusions.

The only way to increase the amount of premium volume in the programme is to ensure all stakeholders are fully engaged on a global and local level. These stakeholders now extend beyond the traditional realms of HR and risk, to now also encompass procurement, compliance and legal.

Organisations don't tend to have a central mandate to say that employee benefits business must be placed in the captive.

Therefore, full buy-in requires a cohesive and persuasive narrative. One that extends beyond just the financial operation to also encompass the benefits that a personal and tailored approach to underwriting, terms and conditions can bring to people and business.

Success in this regard rests on everyone having an understanding of corporate philosophy and risk appetite. There's an argument for articulating this at an early stage.

Local Protection Global Connection

Generali Employee Benefits

The world's leading Network, serving multinational companies in over 100 countries.

A comprehensive range of employee benefits solutions, including Life, Disability, Accident, Health & Wellbeing, Retirement & Savings, for both local and expatriate employees.

geb.com 



GENERALI
Employee Benefits Network