

CAYMAN ISLANDS.  
CLEARLY BETTER BUSINESS.

# A GROUP CAPTIVE STORY GETTING STARTED

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# THE FOUNDATION . WHAT MAKES A GOOD GROUP?

## **Group of like minded entrepreneurs**

- “ Homogeneous or heterogeneous
- “ Franchisors
- “ Association Members
- “ Broker with a book of business

## **Attitude is everything**

- “ Risk control oriented
- “ Involved
- “ Best in class businesses
- “ Quality products
- “ Quality businesses
- “ Long term visionaries

## **Domicile Selection**

- “ Cayman- long term expertise in Group Captives
- “ Ease of doing business
- “ Highly respected domicile

## **Experienced Service Providers**

- “ Captive Consultant
- “ Actuary
- “ Attorney
- “ TPA
- “ Fronting Carrier Partner
- “ Loss Control Specialist

# WHY START A GROUP CAPTIVE?

## Allows members to take more control

- “ Dedicated Loss Control Specialists and Risk Management Focus
- “ Enhanced Claims Management where members direct the process
- “ Reduces losses over time
- “ Creates long term stability
- “ Ultimate control over insurance program

## Allows members to reduce their cost of risk

- “ Premiums are based upon historical losses
- “ Reduces premium over time
- “ Stabilizes insurance costs
- “ Returns Underwriting profit and investment income to members
- “ Turn a business expense into profit for the company

# VALUED PARTNERS

## Captive Consultant

- “ Domicile selection
- “ Guides the process
- “ Structure design
- “ Legal documentation as needed
- “ License and regulatory requirements
- “ Project management
- “ May provide facility
- “ Market relationship and negotiation
- “ Presentation of program to markets
- “ Manage expectations on timing

## Actuary

- “ Individual loss pick development
- “ Group loss pick development
- “ Captive proforma development
- “ New member loss pick development
- “ Loss ratio analysis
- “ On going reserve analysis
- “ Renewal loss pick development

## Brokers

- “ Work directly with clients
- “ Gather data for submission
- “ Works with Captive Consultant to keep project on track
- “ Addresses individual member coverage needs and other lines outside Captive
- “ Premium financing
- “ Day to day service

## Members

- “ Provide data promptly
- “ Work with Broker and Captive Consultant to address questions or additional information requests
- “ Be prepared to launch
- “ Be involved in Captive Governance
- “ Participate in spreading the word
- “ Attend board meetings

# VALUED PARTNERS

## Fronting Carrier

- “ Underwriting guidance
- “ Gatekeeper for risk avoidance
- “ Provides name and rating for the Captive
- “ Meets all regulatory requirements
- “ Issues policies
- “ Long term partner

## Reinsurance Carrier

- “ Provides reinsurance for specific loss over captive retention
- “ Provides Aggregate Excess Insurance
- “ Many times the Fronting Carrier provides all

## Third Party Claims Administrator

- “ Adjusts claims for the Captive members
- “ Should be well trained and seasoned
- “ Follow special claims handling protocols
- “ Works with the members to adjust claims
- “ Reports to the BOD

## Loss Control

- “ Work directly with members
- “ Provides baseline assessment
- “ Provides on going loss control support
- “ Reports to the BOD

# THE PROCESS

**Finding Quality Members**

**Gathering the data needed**

**Developing the loss pick**

**Finding the right Fronting and Reinsurance  
Partner**

# THE PROCESS (CONTINUED)

**Communication is key**

**Timing is everything**

**Proposing to founding members**

**Launching the Captive**

**Captive Executive Committee**

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