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Links to General Captive Information

captive.com/news/

cicaworld.com

Links to SC Captive Information

<http://captives.sc.gov/>

<http://www.sccia.org>

2017 EIS Program Advisory Committee Conference

As we approach October, we will be communicating about the conference. Please be on the lookout for EIS emails and newsletters. You should have our registration email invitations. If not, please contact Taniyka Ragland to get registered. Email: tragland@eimltd.com

A number of subject matter experts will be providing presentations on both Tuesday and Wednesday specific to captive solutions. These speakers include

Jim Swanke – Captive Optimization
 Karin Landry – Captive Benefit Update
 Dominic Bruno – Investment Environment
 Peter Gerken – Reputation Risk Solutions
 Rick Raup – Medical Stop Loss Cover



Our Tuesday afternoon session is designed as a roundtable opportunity to have a few captive topics presented followed by a discussion among our PAC members. This session is exclusive for our PAC members and EIM members attending to explore EIS.

We are working diligently to schedule all of the individual PAC meetings and are hopeful we will be able to accommodate most day/time frame requests.

Our 25th Anniversary celebration and key networking event will be Tuesday evening at the historic Lowndes Grove Plantation. We are excited and looking forward to seeing you there.

South Carolina Captive Insurance Association (SCCIA)

Mission Statement

The SCCIA provides advocacy, promotion and education for the stakeholders of the South Carolina captive insurance industry.

Did you know, as an EIS Participant, you can have access to SCCIA? Like many other industry associations, the SCCIA provides educational material and a forum for captive owners and risk retention groups to have a voice with regulators and legislators. EIS and ECM take a very active role within this organization. Kim Jenkins and Jeff Tkacz serve on working committees – conference and education. Randy Martin serves on the board, chairs the nominating committee and is very active with the legislative committee. Tobias Burke will be participating on a panel discussion covering captive investments at the annual executive education conference this year. The conference will be in Charleston, SC, September 12th – 14th. If you are interested in attending please let us know. See the link to the left for more information.

Contact Us

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Captive Optima

What does optimization of a captive insurance facility look like? Some may indicate that an optimized captive helps to contribute stability to the operating earnings of its participating insureds, while maintaining profitable risk financing within the captive to fund expected losses at a 90% confidence level. Others may be less specific. Optimization is like the old saying, "It is in the eye of the beholder."

To put the proper focus on what optimization may look like in your situation, you must consider the objectives of the captive or captive cell within the context of the goals of the parent/participant. One of the areas to consider optimizing is asset management. How much cash vs. investments? To go about managing assets you have to determine what and when liabilities will come to bear against those assets. This is an exercise in cash management and determining the duration of the tail (payout pattern) plus severity of liabilities.

Insurance companies along with other financial institutions pioneered asset-liability studies back in the 1970s as interest rates became increasingly volatile. Today asset-liability management (ALM) is a common practice. Launching an asset-liability management study (ALM) is a great way to obtain guidance on matching the invested and cash assets against the liability risk and cash flow expectations from claims.

Investment advisors and actuaries typically collaborate to provide studies for clients using modeling tools. If you are thinking about engaging an ALM study here are some common questions you may want to consider:

1. What is your firm's philosophy, process, and expertise in asset liability modeling? If your captive program is utilizing an actuarial firm they may have the expertise to help with this study.
2. How frequently should an asset liability model be reviewed? This is going to depend on the dynamics of the economy and the underwriting risk within the captive program. Adding retained risk within the captive program that changes the tail exposure expectations may suggest a review is in order.
3. If using a consultant, what is their view on liability-driven investing and approach for liability valuation?
4. Will this be a collaborative effort between your actuary and an investment advisor? Coordination with your actuary is important, as well as, how and what information needs to be shared.
5. What benchmarking needs to be developed to measure performance of an ALM strategy?
6. Does the investment consultant's modeling software cover both insurance and asset risk or just asset risk?

If this is an aspect you wish to explore, we will be happy to help.

Captive Optima is a new section of 'Notes from King Street'. The focus of Captive Optima is to present ideas on maximizing the use of a captive insurance facility.

EIS Financials & Operations

Second quarter results are strong. Year-end forecasts were adjusted favorably across all three primary targets: revenue, expense and surplus.

FINANCIAL PERFORMANCE OF GENERAL ACCOUNT **SECOND QUARTER 2017 & YEAR-END FORECAST**

(in \$1000s)

	Q2- 2017	YE - Forecast
Revenue	\$ 1,182K	\$ 2,310K
Expense	\$ 853K	\$ 1,773K
Surplus	\$ 2,761K	\$ 2,898K

EIS traveled to Vancouver BC to attend the AEGIS Policyholder Conference. We were very pleased to meet with many EIM Members.

REGISTRATION IS OPEN | OCTOBER 23 – 27, 2017 | EIS ANNUAL PAC CONFERENCE

EIS mission statement – “To provide a facility to meet EIM Members’ dynamic and specific business requirements for the placement and management of alternative risk solutions.”

Disclaimer – This publication is for informational purposes only. It is not a solicitation of insurance or management services.