



# Continual Innovation

We're always busy at Captive Resources (CRI)... but at present, we're very busy. In addition to assisting all of our client captives just as we always do (all 35 of them!), we're working on several enhancements to our own business – like the Information Systems upgrades we told you about last quarter – some of the benefits of which will ultimately flow to you, our broker partners, and your captive member clients.

We also continually look for opportunities for viable new captives and to offer our existing client captives, new and innovative ways to improve operations – for both the captives and for the members' companies. A few of these past innovations include the development of the Captive Investors Fund which provides investment opportunities to address the unique needs of group captives; tail funds which assist the captives in the timely and efficient disposition of liabilities on older underwriting years; the Risk Control Assessment (RCA), an in-depth risk control best practices rating tool used to identify members' risk control strengths and weaknesses; and the formation of CRI's joint venture with The McGowan Companies, Broker Resources Insurance Services, LLC, a wholesale broker dedicated to Umbrella\Excess\Buffer and Cyber placements for group captive member-insureds working with CRI.

Below we briefly describe some of the projects that are currently keeping us busy which are in varying stages of development, and which we will tell you more about in the future as more details become available.

**New Captives Planned.** We have three new captives planned for 2019! One is in the very early stages of development and so there's not much we can tell you about it yet. However, below we provide you a sneak peek at the other two. We'll be sure to provide you with more detail as they draw nearer to launch.



## Insurance, reimagined.

• **Spartan Insurance, Ltd.** will be a heterogeneous captive which is being formed as part of a broader strategy to help larger, established captives manage growth. The existing broker network of a large 20+-year-old heterogeneous captive will be able to place smaller companies (as small as \$100k premium) in Spartan, and new brokers will be allowed access as well. Launch is currently planned for spring, 2019.

• **Heterogeneous Transportation Captive.** CRI is excited about the expected launch of a new heterogeneous transportation captive in early 2019. Given the turbulent market conditions for commercial auto over the last few years we have been inundated with requests to address some of the challenges facing brokers in obtaining proper coverage and limits for certain transportation risks. This new captive tailored for the energy distribution and environmental services sector, aims to address those concerns with some of the following program highlights:

- National Interstate Insurance Company: leading A+ rated transportation policy issuing carrier;
- Specialized coverage forms;
- Excess options up to \$5 million;
- Bolt-on environmental policy options; and,
- Dedicated claims and loss control services.

Further details, submission requirements and full program terms will be rolled out in the coming months. In the meantime, please reach out to J.P. Boulus ([jboulus@captiveresources.com](mailto:jboulus@captiveresources.com), 847.944.9803) or Dan Slevin ([dslevin@captiveresources.com](mailto:dslevin@captiveresources.com), 847.230.8414) if you have immediate questions or prospective members in mind.

## Continual Innovation (cont.)

**ALAE Cap.** Captive Resources continues to work to protect our client captives and their member-owners. It is our goal that all captives will have a cap per loss which includes Allocated Loss Adjustment Expense (ALAE)\*. The captive will indemnify the policy issuing carrier for ALAE in the same proportion that its participation in the actual loss incurred (net of all recoveries through salvage, subrogation, deductible loss reimbursement or recovery of reinsurance), bears to the entire amount of the actual loss incurred, subject to the following: the captive's participation in combined loss and ALAE that it pays, shall not exceed a predetermined cap. Our goal is that each captive will have a predetermined cap to protect from "run-away" ALAE expenses. This helps protect the captive from lengthy, expensive legal lawsuits or other expense related type claims.

\*ALAE refers to expenses that are assignable or allocable to specific claims, such as fees paid to outside attorneys, experts, and investigators used to defend claims. ALAE is part of an insurer's expense reserves.

**Cyber Program Development.** Broker Resources Insurance Services, LLC, CRI's joint venture with The McGowan Companies, has developed a new exclusive Commercial Cyber Insurance Policy, through Arch Insurance Company, which is available only to group captive member companies working with CRI. For more detail, see the following article.