



West Africa Business School

in collaboration with

PRESENTS



CAPTIVE INSURANCE AND ALTERNATIVE RISK FINANCING STRATEGY MASTERCLASS



Date: 26th - 28th August 2019

Venue: Radisson Blu Gautrain Hotel, Sandton Johannesburg, South Africa

INTRODUCTION

The International Center for Captive Insurance Education was conceived to facilitate the growth and quality of the global captive insurance industry by developing a comprehensive educational program to create a pool of qualified captive insurance professionals and to educate C Suite level enterprise managers of the economic and risk management value proposition that captive insurance companies make. This Captive Insurance and Alternative Risk Financing Strategy Masterclass is brought to Africa by International Center for Captive Insurance Education in collaboration with West Africa Business School.

COURSE OVERVIEW

Captives today are an important risk financing tool for organizations of all sizes. Captive growth has not been a “numbers only” trend. Captives have spread geographically into dozens of countries, evolved into multiple forms, and financed a variety of risks. Most industries now have captives with notable year-over-year growth in the Asia-Pacific region and the largest captives becoming even bigger and more strategic.

Once the domain of large, multinational companies, captives today are an important risk financing tool for organizations of all sizes. That is evident in the steady growth through the years in small, midsize, large, and extra-large captives. Captives offer unrivaled flexibility in financing risks, which is one reason that more captive owners now use them to address emerging risks, including cyber liability, terrorism, and cyber terrorism.

As the world becomes more complex and less certain, organizations need risk management tools that evolve with the times. We hope the Captive Insurance and Alternative Risk Financing Strategy Masterclass provides helpful knowledge, insights and stimulates discussions in your organization.

LEARNING OBJECTIVE

In this three-day program, faculty from the International Center for Captive Insurance Education (ICCIE) will present selected material from the ICCIE Curriculum's content including:

- An Introduction to Alternative Risk Financing Mechanisms
- Understanding Risk and Risk Retention Mechanisms
- Investment Basics for Captives
- Reinsurance and Other Risk Transfer Mechanisms
- Forming and Operating a Captive
- Captive Board Governance
- Accounting for Captives
- Captive Claims Management Best Practices
- Predicting Risk and an Introduction to Actuarial Science

Topics which are normally presented with an international perspective will be adjusted in order to provide a local geographic perspective. These would include issues around domicile choice for captives as well as accounting and tax considerations.

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COURSE AGENDA**Day 1**

- Understanding Alternative Risk Financing and Risk Retention Mechanism
- Predicting Risk and an Introduction to Actuarial Science

Day 2

- Use of Reinsurance and other Risk Transfer Mechanism
- Investment Basics for Captives
- Accounting for Captives

Day 3

- Captive Claims Management Best Practices
- Captive Board Governance
- Forming and Operating a Captive Insurance Company

LEARNING OUTCOME

- **Understanding Alternative Risk Financing and Risk Retention Mechanism:** The study of captive insurance begins with an understanding of the purpose of using alternative methods of risk financing and risk transfer as a more efficient method of handling risks that have been traditionally insured in the commercial insurance market. This module will focus on developing an understanding of the purposes for captive insurance, identifying risk, how it can be managed and how it can be financed.

At the conclusion of this module, participants will know:

- How to define Alternative risk mechanism and the various types of captives
- Key terms used in the captive industry
- How is risk identified and quantified
- What characteristics of risk allow it to be managed using insurance mechanisms
- How does alternative risk differ from commercial insurance when financing risk
- What is the difference between alternative risk financing and alternative risk transfer

- What are the operating costs differences between self-insurance, commercial insurance and captive insurance options for risk financing
- **Predicting Risk and an Introduction to Actuarial Science:** Captive insurance companies are designed to take risk with premiums calculated to fund expected losses and expenses over time. There are a number of methods of developing expected loss projections and different rating methodologies available to ensure that the captive will be adequately funded. The lines of business underwritten, the terms of the policies, the rating methodology, the reinsurance available and the amount of capital and surplus that the captive holds all inform how much risk may be insured and retained by the captive.

At the conclusion of this module, participants will know:

- What are the various methods utilized to determine expected losses for a captive insurance program
- How to understand and interpret loss triangles
- How to calculate the expected losses using the Incurred Loss method
- How to determine how much risk a captive insurance company should retain
- How to use expected losses as a basis for rate making
- How to create financial pro forma statements for a captive
- **Use of Reinsurance and other Risk Transfer Mechanism:** A captive insurance company can use a number of different program structures to manage its retained risk. Through the use of reinsurance mechanisms a captive can assume risk from its parent organization and then, based on available capital and risk appetites, reinsure those risks into the commercial reinsurance market. This module will explore how a captive insurance company uses

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reinsurance to protect itself from unexpected high severity or high frequency losses and leverages its capital to earn underwriting income without necessarily retaining risk.

At the conclusion of this module, participants will know:

- What is unique about a captive as a reinsurance market participant
 - How to determine the most efficient use of reinsurance using the retain/reinsure model
 - The use of a captive as a reinsurance company or a reinsurance conduit
 - The various types of reinsurance available to and through a captive insurance company
 - The regulations surrounding reinsurance
 - Structure of reinsurance agreements
- **Investment Basics for Captives:** Investment strategies for captive insurance companies seldom receive the attention deserved. Since captives are in a unique position to hold funds that will be available for the future payment of losses strategies that are tied to leveraging the investment of those funds to earn investment income are critical to the success of the captive overall. There is a nuance between Investment Management and Insurance Asset Management that can be leveraged to be able to maximize returns in the insurance company investment portfolio. Inherent in the process is an understanding of duration timing as it relates to the claims payout patterns of the insurance business being underwritten by the captive insurance company.

At the conclusion of this module, participants will know:

- How to time investment duration to claims payout patterns
- How to design and implement an efficient and appropriate investment plan for their insurance company
- How to make decision on strategic asset allocation optimization
- How to evaluate performance measurement
- How to modify investment programs based on the maturity of the captive insurance company's loss portfolio

- **Accounting for Captives:** This module provides a basic understanding of the underlying financial reporting components of captive insurance companies. The goal is to provide both technical and practical insights in understanding the fundamentals and distinct aspects of the accounting function of an insurance organization.

Participants will review the accounting standards, important internal controls and financial statement assertions associated with the significant accounts on the balance sheet and income statement of a captive insurance company. Insurance company income tax issues will also be covered.

The module will enable a basic understanding of the accounting function for an insurance organization with specific emphasis on the unique aspects of captive accounting, where applicable. Students will learn how actions of an insurance organization effect the financial statements and performance of the captive. Both the GAAP and statutory basis of accounting will be discussed.

At the conclusion of this module, participants will understand:

- Key terminology used in insurance accounting
 - The major cycles of an insurance organization
 - The key aspects of implementing effective internal controls
 - How recent accounting pronouncements impact the books of insurance organizations
 - How taxes effect an insurance entity
- **Captive Claims Management Best Practices:** Captive Insurance requires a Best in Class Claims Management program to be successful. In this module, participants will learn the various options for Claims Management and Administration for a Captive Program as well as gain an understanding of the role of the Reinsurer and Reinsurance needs of a Captive. Topics covered in this module also include: reinsurance and claims strategy and philosophies; risk appetite and tolerance concepts; communications strategy; actuarial concepts, definitions, data sources and methods; claim staffing and operations; claim audit purpose and process; and, evaluating the success of claim management programs.

COURSE AGENDA

At the conclusion this module, participants will understand:

- Alternative claim strategies and philosophies
 - What to look for when selecting a Claims Administrator
 - Who the stakeholders are in the Claim process
 - Reinsurance relationships and Reinsurer expectations
 - Operational issues related to Claim processes
 - Loss results and premium implications
 - How to measure claim management success
- **Captive Board Governance:** This module examines corporate governance from the perspective of the board of directors of captive insurance companies. The duties and roles of members of captive boards are increasing with greater responsibility and liability being placed on the board. Students will learn the duties, responsibilities and rights of a corporate director, board structure, operations, interaction with management and counsel and committee structure and involvement. During the course they will gain an understanding of the role of an independent board member, board oversight activities, qualifications for board service, directors and officer's liability issues, ethical considerations, applicable federal laws, personal liability and indemnification.

Using a series of board operation case studies involving real life situations, participants will understand board best practices. Students will also gain an understanding of onshore and offshore best practices in corporate governance relating to captives and similar facilities.

At the conclusion this module, participants will understand:

- Key insurance concepts board members should know and understand
- The fundamentals of captive governance and its purposes
- The responsibilities of captive board directors
- Typical content and meaning of captive board by-laws and structure
- General way in which captives are regulated
- Auditor Independence criteria
- Corporate Governance and the Board Audit Committee Role

- Solvency II Increased Corporate Governance for Insurers
- Board of Directors Duties and Roles in Off Shore Captives

- **Forming and Operating a Captive Insurance Company:** This culminating module will use a Case Study approach to evaluate the development of a captive insurance company. The process will be similar to the work that a captive insurance consultant would use in evaluating the potential for a captive and will lead the participants through the evaluative process allowing them to use the skills and knowledge they have acquired through the course work. The potential for a captive will be determined using actuarial analysis, the structure for the captive determined including the use of reinsurance, an investment strategy will be developed, financial pro forma will be created and a claims management process identified.

At the conclusion of this module, participants will know:

- How to evaluate the potential for a captive insurance company as a risk retention tool in a company's overall risk management process
- How to determine an appropriate domicile for the captive
- How to create the various elements for the captive insurance strategy to be successful
- How to align the captive insurance company with the overall organization's ongoing business strategy so that it is a contributor to success

WHO SHOULD ATTEND

- **Captive managers (and future captive managers)**
- **Company risk managers**
- **Accountants**
- **Actuaries**
- **Attorneys**
- **Investment advisors**
- **Others who service both the captive and risk management industries**

CONTACT

GUEST SPEAKERS/FACULTY PROFILE**Christopher E. Mandel****RIMS-CRMP, RF, CPCU, CCSA, ARM-E, AIC**

Christopher E. Mandel is SVP, Strategic Solutions for Sedgwick and is the Director of the Sedgwick Institute where he is responsible for helping the company reach its strategic vision of serving the evolving needs of its current and future customers as well as helping lead the industry vertical to the next level and beyond through curated thought leadership and targeted joint research initiatives. He is a senior risk management leader, with strong expertise and influence in the broader risk and insurance industry. Previously he served as the president and managing consultant of Excellence in Risk Management, LLC., an independent consulting firms specializing in risk management and insurance services. From 2001-2010, Mr. Mandel was head of enterprise risk management for USAA, a \$200 billion diversified financial services organization. At USAA, he designed, developed and led the award-winning enterprise-wide risk management program. He also served as President and Vice Chairman, Enterprise Indemnity CIC, Inc., an Arizona based captive insurance company. Over his long career he has held substantive management and board positions in captives and risk retention groups in the Arizona, Vermont and Bermuda domiciles and is on the board and teaching faculty of the International Center for Captive Insurance Education (ICCIE) and the Risk Management Society (RIMS).

Mr. Mandel has more than 30 years of experience in insurance, captives and large global corporate risk management. He has pioneered the development of ERM at USAA, where S&P rated USAA as "excellent" and a "leader in ERM" during their very first evaluation of USAA using their new ERM rating criteria in 2006 and 2007. In 2007, Treasury and Risk Magazine also recognized USAA's ERM program when it bestowed the Alexander Hamilton Award for "Excellence in ERM" on USAA.

He began his career at Liberty Mutual Insurance Co. serving in various claim management roles over five years. His segue into risk management occurred when he joined, Marsh as a senior consultant. In 1985, Mr. Mandel joined Bell Atlantic Corporation (now Verizon Corp) as assistant risk manager, part of the original team formed just after the break-up of AT&T, to develop its first risk management department. During this time, he was selected to participate in the fast track management development program and rotated through various risk management sub-functions.

Mr. Mandel has led the global risk management program of the American National Red Cross during Elizabeth Dole's tenure as President and helped create and lead the global risk program of Tricon Global Restaurants (now Yum Brands) after PepsiCo spun off its restaurant division in 1997.

He has served the Risk Management Society, (RIMS) as Chief Risk Officer (2003-04) and President, 2002-2003 and in various capacities over the years including; member of the Board, chair of the Government Affairs, Membership, Conference, Health & Safety and Risk Management Liaison committees. He has also held multiple chapter officer positions in the Potomac and Bluegrass chapters. Elected to the Executive Council in 1998 and appointed Vice President – External Affairs (2 terms), he has also served as Vice President - Member & Chapter Services, First Vice President and VP, External Affairs. He was instrumental in driving the website development and quality improvement initiatives for RIMS during his 6 years of Executive Council leadership. He holds or has held appointments to: the Captive Insurance Group of NJ, the Association for Responsible Alternatives to WC, the Spencer Educational Foundation Board; the Board of the risk retention group for the American Orthodontics Association; the Center for Enterprise Risk Management Advisory Council (University of GA); and the Advisory Boards of AIG, the Nonprofit Insurance Alliance Group, Liberty Mutual, Zurich American, FM Global, Willis and Insurance Thought Leaders. He was elected a founding member of Risk Who's Who in 2008.

Mr. Mandel received his B.S. in Business Management from Virginia Polytechnic Institute and State University and a Masters in Business Administration from George Mason University. Between these university programs, he was conferred the RIMS-CRMP (2017), RIMS Fellow (RF – 2013), the CCSA (2007), CPCU (1987), ARM-E (1990 & 2015) and AIC(1982) designations. He is a frequent industry speaker and has authored columns in the trade press for 22 consecutive years beginning in 1996. He was named Risk Manager of the Year – 2004, received RIMS' highest lifetime achievement award (Goodell) in 2016, and is recognized as a thought leader in ART, ERM and related disciplines.

**Dennis Silvia****MA, CPCU**

Dennis Silvia is the President of Cedar Consulting LLC, a captive insurance consulting firm. His more than 25 years of experience in traditional and alternative insurance mechanisms include marketing and agency management; underwriting and alternative risk program structures; and strategic captive feasibility analysis. Dennis holds an AAI designation from the Insurance Institute of America and a CPCU designation from the American Institute for Chartered Property Casualty Underwriters. He has an MA degree in Management from Regent University completing his thesis project on Alternative Risk Insurance Programs.

Dennis is on the teaching faculty of the International Center for Captive Insurance Education (ICCIE). His consulting practice focuses on the integration of alternative risk program structures to assist companies in reaching enterprise-wide riskmanagement and risk financing goals.

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CAPTIVE INSURANCE AND ALTERNATIVE RISK FINANCING STRATEGY MASTERCLASS

26th - 28th August 2019



HOW TO REGISTER FOR THE COURSE

Complete Registration Form included at the last page of this brochure. Scan it together with course fee payment evidence or swift transfer advice and send by e-mail to: wabs.edu@gmail.com , info@westafricabusinessschool.com. You can also call and talk to the Programme Manager on Tel: +2348027922649, +2348143002943 by 8.00am – 6.00pm Monday - Friday.

DATE & VENUE

The training programme is scheduled to take place as follow:

Date: 26th - 28th August 2019

Time: 8.30 – 16.30 Daily

Venue: Radisson Blu Gautrain Hotel, Sandton Johannesburg, Corner of Rivonia Road and West Street, Sandton 2196, Johannesburg, South Africa

COURSE FEE:

The course fee is structured in a way to make it affordable to companies/organisation and also easy to make payment for all delegates as follow:

1. Africa Countries Delegates:

- **Early Bird** - US\$2,000.00 per delegate (Book & Pay Before 30th June 2019)
- **Group Rate** - US\$1,700.00 per delegate for 2 or more delegates from one company/organisation (Book & Pay Before 30th June 2019)
- **Normal Rate** - US\$2,500.00 per delegate (Book & Pay After 30th June 2019)

3. Oversea Countries/Foreign Delegates:

- **Early Bird** – Euro 1,500 per delegate (Book & Pay Before 30th June 2019)
- **Group Rate** - Euro 1,250 per delegate for 2 or more delegates from one company/organisation (Book & Pay Before 30th June 2019)
- **Normal Rate** - Euro 2,000 per delegate (Book & Pay After 30th June 2019)

NOTE:

- **Early bird fee applies to registration and payment made on or before 30th June 2019**
- Registration & payment of course fee must be received by closing date to enable organizers list the delegate/participants in the appropriate programme brochure.
- The course fee does not include VAT, hotel accommodation, airfare and dinner. Participants are therefore expected to be responsible for their respective airfare, accommodation and dinner where necessary.
- **The course fee covers the following:**
 - ✓ Three full days quality training,
 - ✓ 2 Tea/coffee breaks and refreshments daily,
 - ✓ Buffet lunch,
 - ✓ Printed course notes or Flash drive loaded with course notes or both,
 - ✓ Leather folder,
 - ✓ Certificate of attendance

HOW TO MAKE PAYMENT OF CONFERENCE FEE:

1. Africa Countries/Foreign delegates should make payment transfer through the following bank account details:

Beneficiary: West Africa Business School
Account Number: 5070520959
Bank Name: Zenith Bank Plc
Swift Code: ZEIBNGLA
Bank Address: Plot 84 Ajose Adeogun Street, Victoria Island – Lagos

2. Euro Currency Payment of Course Fee should be made by swift transfer through the following bank account details:

Beneficiary: West Africa Business School
Euro Account Number: 5080132168
Bank Name: Zenith Bank Plc
Swift Code: ZEIBNGLA
Bank Address: Plot 84 Ajose Adeogun Street, Victoria Island – Lagos

Terms and Conditions

- Completed nomination form will be taken as confirmation of nominations and must be returned no later than 10 working days before programme commencement date.
- Payments of fees is by e-transfer, certified cheque or bank draft in favour of West Africa Business School before programme commencement date.
- The course fee is payable without deduction of withholding tax or any other tax thereof.
- The information contained herein is only for nomination purposes. This will help in producing all relevant course materials for the nominee(s). West Africa Business School (WABS) and its personnel will protect any personal data entrusted to us through the completion of our registration form in a way that respects the privacy of individual or entity completing the form.
- **Hotel Accommodation for programme participants.** WABS will reserve a sufficient block of rooms for registered delegates under our name and at preferential rates at a hotel of international standard (equivalent to no less than four-star rating) convenient to the event venue during the programme delivery dates, provided that each delegate shall be responsible for the payment of his/her hotel accommodation, incidentals and other expenses directly to the hotel.
- Participants shall be solely responsible for the payment of their travel, lodging, meals (dinner) and other travel expenses related to their participation in this programme.
- **Cancellation and Substitutions Policy.** For any reason whatsoever, participants who have registered for the programme, may decide to cancel their registration. Cancellations must be submitted in writing by email to wabs.edu@gmail.com. All cancellations received on or before 30 May, 2019 are entitled to a refund of 50% of the course fee paid. No refunds or credits will be given to registrants who cancel after 30 May, 2019 or who fail to attend the conference. Substitutions for paid registrants may be made at any time up to 20 August, 2019. No changes will be accepted after this date.
- **International Participants:** Course attendees arriving from outside South Africa may require a letter of invitation to enter South Africa. If you require a letter of invitation, please submit your request in writing by email to wabs.edu@gmail.com. Once you have submitted your request and completed registration and evidence of payment of course fee, we will provide you with a Letter of Invitation.

Further enquiry in respect of this course should be addressed to:

Director of Programmes
West Africa Business School

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