

POWER BROKER: CAPTIVES



Kathryn Christensen

**Senior Consultant, Risk Finance and Captive Consulting
Aon, Los Angeles**

A Stellar Risk Model

When Kathryn Christensen's client, Veritas Investments, faced retention and premium increases of as much as 50 and 10 times respectively on its general liability program, she knew it was time to re-evaluate its entire risk management model. She assessed the trade-off between market pricing and forecast losses based on actuarial analytics for various program structures, weighing

potential commercial premium savings against the risks of taking on increased exposures.

Based on her review, the client agreed to replace the primary commercial layer with a fronted captive program. The alternative structure would protect Christensen's client from the hardening market and reduced the total risk cost by more than \$500,000, as well as providing increased control over claims handling and legal counsel selection.

"We wanted to take on more risk but were limited in what we could do by our contractual obligations, and the fronted general liability program Kathryn came up with allowed us to take on the first £1 million in risk without violating our agreements," said Justin Martin, senior risk manager at Veritas. "This also provided significant premium reduction for us of almost 33 percent, with the opportunity to retain an underwriting surplus if we had less losses than we had expected. Without Kathryn's consultation and experience, I would have faced significant roadblocks to gain authority from my board to set up a captive. With her assistance, we were able to articulate how a captive operates and gain approval to form ours."



Justin Felker, ARM, CIC, CRM, AAI, AIT

**Area Vice President
Gallagher, Greenville, S.C.**

Always Thinking Ahead

The transportation industry was hit with the double whammy of the fallout from the COVID-19 pandemic and a hardening market with typical rate increases of 15-30%. Fortunately, Warehouse Services had Justin Felker on its side. Getting out in front of the market conditions, he engaged Gallagher's claims analytics resources team to drill down into his client's historical losses and identify alternative opportunities to retain additional risk in its current captive.

The team also looked at bringing in new coverage for a closely related third-party vendor and negotiate collateral reduction for prior years. By adopting this data driven approach, Felker secured an almost flat renewal of +0.1% in terms of fixed costs and expected overall risk cost versus 2019.

An underwriter who has worked with Felker on several different types of captives with clients from a variety of industries said: "Justin's key quality is his organization, which makes my life a whole lot easier. He also understands the captive from both the client and carrier perspective, advocating strongly on the client's behalf and presenting me with the information I need to make my analysis of the risk, as well as knowing the market inside out."

She added: "At renewal, he pre-emptively asks all the questions that are going to be asked by the underwriter and presents the data in an easy-to-understand spreadsheet form. I've really enjoyed working with him because of his sheer professionalism and demeanor and look forward to further opportunities to do so in the future."



Cory Fox

**Area Vice President
Gallagher, Houston**

A Steady Hand at the Tiller

Completing a merger or acquisition is difficult at the best of times. Particularly when it comes to making sure the right coverage is in place for the new entity. That's where Cory Fox stepped in to help his client WRM, an industrial environmental services company specializing in wastewater transportation and disposal, after it took over a new business.

He was instrumental in helping the client understand the new risks and the coverage required, as well as the gaps in its existing program and the costs involved, and then putting it in place as the deal closed.

Previously, WRM had engaged Fox to assess its insurance needs, and he recommended moving its auto and workers' compensation plans to a group captive structure. After going through the pros and cons of using a captive, the client came on board and has already benefitted from substantial cost savings.

"Cory was involved in the process from start to finish," said Ed Hickman, CFO at WRM. "He led the due diligence process and negotiated with the captive representatives to get us on board, giving us analytical updates and keeping us informed throughout."

Hickman added: "His key strength is being highly responsive and following through on everything, no matter what time of day I try to reach him. He's a steady hand at the tiller, gives us the confidence we need to know that he's doing a top-quality job and has an intimate knowledge of the market."



Billy Gage

**Area Vice President
Gallagher, Lake Charles, La.**

Transformation Through Captives

Finding affordable coverage in a tough market is hard enough, but if you can secure it at a significant cost saving for your client — that takes some doing. Not only did Billy Gage manage to achieve this for client Denali, a waste and environmental recycling and disposal provider, but also another, Solar Supply, a wholesaler and distributor of heating and air-conditioning equipment. Both clients had struggled to obtain a reasonable rate, because they operate in multiple states, as well as having loss histories of several years. But Gage analyzed their risks and insurance needs and decided to put both in a captive that provided them with the right coverage while delivering tangible cost savings. As a result, this has helped them with their claims, and they were able to reinvest their savings back into their businesses instead.

"Billy has been fantastic through the years we have been with him," said Dana Hebert, CFO of Solar Supply. "He always brings us new, innovative ways to use our insurance dollars in the most cost-effective way. By bringing captive insurance groups to our attention many years ago, he transformed how we thought about commercial insurance. We appreciate the ability to pool our insurance dollars with other companies across the country to help control our insurance costs," she said. "He has also helped facilitate good relationships with other agents to help with other lines of coverage, such as health and personal lines for our owners' personal coverage needs."



Peter Kranz

**Executive Managing Director, Captive Practice Leader
Beecher Carlson, Burlington, Vt.**

Hands On from Day One

Making the most of your captive is even more crucial during these trying times with insurance premiums skyrocketing in certain markets. That's where Peter Kranz comes in.

Having overseen the management of Cummins' captive for the last 10 years, Kranz has helped the company establish and grow its structure, extending its uses to encompass a greater

number of risks and become more self-sufficient. Kranz has also supported its global risk insurance team with premium funding and accountability strategies, loss reserving, business unit retentions and risk optimization.

"Peter has helped to manage our captive very successfully and guide us along the way, helping us to insure more of our own risks and rely less on the traditional market, especially during these hardening times," said Sally Leyes, managing director of global risk at Cummins. "During this time, he has remained a key advisor for us, which has been invaluable given his strategic view and knowledge of alternative risk financing."

"Over the last 18 months he has helped us put together a reinsurance agreement and structure for our captive that enables us to take on more risks for ourselves and also protects us in the event of a large catastrophic loss, which is unique in our industry."

Mildred Claire, VP, risk management at AECOM Tishman, said: "Peter came in and said from day one he was going to handle our captive personally. Everything went through him, no matter how trivial: He was detail-oriented, super responsive and just a class act."



Anne Marie Towle

**Global Captive Solutions Leader
Hylant, Indianapolis**

Setting Captives Up for Success

Versatility is a key quality when it comes to forming a captive. This is an area where Anne Marie Towle excels, coming up with innovative solutions for different clients across a range of industries. For one client, Prymus Insurance, she established a sponsored protected cell company and is in the process of developing a captive insurance solution within that cell to provide police liability coverage when it is rolled out later this year.

Towle has also developed a captive solution that offers additional product liability protection for another client, Cook Group, which had faced the double headwinds of an increasingly hard market and a long claims history for some of its products.

For Dealer Management Group, another client, she has developed a group captive program for the automobile dealership industry and is working on an additional solution for open-lot coverage within a captive structure using multiple reinsurers.

"Anne Marie came up with a very organized game plan that we went through to form the captive and always made sure that she had the right people on the call to address the particular topic we needed to discuss, whether it be tax, legal or insurance," said Nada Jandrich, director of risk management and insurance at Cook Group.

"It is a very complicated risk finance program, but I have complete faith in her methods; after all, she has set up more than 2,000 captives in her career, so she's top of her field. She always goes above and beyond to help us with our insurance needs."

POWER BROKER: CONSTRUCTION



Lou Cipollo

**Account Executive
Aon, Philadelphia**

Hard Markets Don't Scare Him

Amid an already hardening market and a global pandemic, 2020 was a tough year in many sectors. But for the companies directly impacted, the explosion of wildfires in recent years presented just as much of a challenge. As capacity dried up for North American excess accounts, one such company faced rate increases of 200% — if they could find the capacity they needed at all.

But Aon's Lou Cipollo was undeterred. He set up virtual meetings with U.S., Bermuda and London markets and invited the family-owned company's senior executives and board members, who were in the best position to set underwriters' minds at ease.

The result was \$70 million in additional excess capacity at a price per million that dropped by 25%.

"We have explored with Lou many insurance strategies: captives, alternative risk financing, stretched aggregates, various corridor designs, parametric insurance and CAT bonds," said the client. "Lou is truly a winner. He is a seasoned, professional broker who fully understands our business model and the stakeholder's expectations."

His other clients agree. "He does an outstanding job," said Lynn Stith Bennett, executive vice president at Coakley & Williams Construction.

"He goes above and beyond the typical broker relationship that we've had in the past, in that he really is looking out for the interests of the business, as well as just the insurance coverage and the typical services that you would expect from a broker."



Paul Copti

**Senior Vice President, National Practice Leader
Marsh, Montreal**

Montreal's Airport Hero

In the world of construction, delays cost money. The last thing you want from your broker is a holdup due to failure to find coverage.

That was the situation facing Aéroports de Montréal as they were about to launch a multi-billion dollar, seven-year infrastructure/construction project. Their broker was unable to place a required \$50 million in professional E&O insurance, due to the length of the

term. And since it was November, most of the market capacity was already gone.

"They had been working for months on the file, and we were on the verge of defaulting on our contractual obligations," said Sylvain Choinière, vice president of legal affairs and corporate secretary for ADM Aéroports de Montréal.

But Choinière had worked with Paul Copti in the past and thought maybe he could help.

"I remembered him as someone who was innovative and would go out of his way to get the job done," said Choinière.

"I gave him a call, and even though it was a Friday evening, he immediately came back to me and started to get at it. I gave him less than 30 days to get the placement done, which sounded impossible, but he told me on that Monday morning that he was confident he could find a solution for us.

"I placed my trust in him to ensure we didn't default on our obligations. And boy am I glad I did! Paul was able to deliver on his promise, on time, and even with the year-end looming and the term of the insurance. Paul saved the day."



John Costello

**AVP, Property Broker
Beecher Carlson, Atlanta**

Bringing Innovation to Challenges Big and Small

"I always say, 'conventional approaches give you conventional results.' And so we always really push our brokers to think outside the box," said Steve Upshaw, vice president of risk management at Equity Residential.

"John Costello is really great at that. ... He's a young guy. He's only been in the industry for less than 10 years, but he is just

one of these guys who really kind of gets it."

So, what does thinking outside the box look like?

When a large, publicly-traded client needed a one-of-a-kind, three-year global master builder's risk program, one of the biggest challenges would be the ongoing management and administration of the program. Costello built a quoting tool in Excel that streamlined the process, allowing the team to accurately and efficiently quote and bind multiple projects at once using a uniform methodology. In a little over a year, Costello's team bound more than 175 projects from around the world into the program, at one point binding 20 individual projects in a single day.

That kind of innovation only works with a firm underpinning of industry knowledge.

"I feel like he has really committed himself to learn as much as he can about every aspect of his industry so that he can provide the best customer service possible," said Cheri Richey, commercial office/structured finance associate at Bridge Investment Group.



Jan Cottini, CRIS

**SVP, Managing Director
Aon, San Francisco**

Crucial to a Medical Center's Success

When your insurance needs are complex, you want a broker who is an expert. When a global pandemic multiplies that complexity by orders of magnitude, you need a broker who is a rock star.

After opening a brand-new facility, a major academic medical center decided to embark on a five- to 10-year overhaul of their original facility. Jan Cottini was instrumental in putting together

the owner-controlled insurance program for the previous construction, so they turned to her once again for the renovation.

"It's pretty complex and complicated and Jan is really the expert in this area," said the client.

"She's super helpful to me in giving me all that I needed to make decisions, bring it to senior leadership for approval and discussion, and really, really was instrumental in putting the foundation together for our consideration."

But just when everything was in place, the pandemic hit.

"Construction was stopped across the state," said the client. "We couldn't get things started that we were expecting to start. And so that really put our insurance programs ... in some uncertainty." As the delays dragged on, the markets grew harder and harder, increasing that uncertainty. But Cottini had the extensive contacts and industry knowledge to keep the program in place until September 2020, when it finally became effective.

"With her leadership and her expertise and insight, we were able to move forward and get this done," said the client.



Brian Hunt, CPCU, CRIS

**Chief Administration Officer, Account Executive
Aon, Dallas**

Every Client is Equally Important

Brian Hunt handles big clients and small, and it speaks volumes about his commitment to his clients that even the smallest feel they get the same level of service as his largest.

"We're a one-person company with the goal to get to five people in three years, and he has made me feel as important as any client that he could possibly have," said Kristina Geisler-

Nordholm, chief executive officer of Geisler Pender.

"When I asked him, 'hey, who would I call if X happens or Y happens?' He set up a conference call with seven people from Aon and said, 'This is your team.' ... He has made me feel significantly more important than I would actually expect."

Hunt also possesses the breadth of industry knowledge to service clients of any size. "He was great with knowing the types of insurance that I would likely need and connecting me internally with people who would best provide that, without fully handing me off," said Geisler-Nordholm. "He was always present to make sure that at the end of the day, I was happy with the service and the result. But he was always asking me to look into considering whether I needed X or Y because his other clients needed those things. And it helped me learn a lot more about what I needed from an insurance perspective."

Having worked in construction, Hunt knows that a small client can become a large client in just a year or two, but in the meantime, his clients know they're already receiving the best in service and results.



Matt Summers, CIC

**Construction Practice Leader – South Central
Marsh, Dallas**

A Deserving Winner

Sometimes, the bottom line is the bottom line.

Faced with skyrocketing rates and quotes at \$1.25 per \$100 in insured value on the operational policy that included its construction liability, Lincoln Property Company decided it needed a standalone policy.

Having previously worked with Matt Summers to get great rates on a builder's risk program, Kerry Braxton, Lincoln's associate general counsel, called Summers about setting up a standalone construction liability program.

"We put a program together and went out to the market, and he was able to cut that rate in half to 65 cents per 100," said Braxton. "That was a huge relief for the company, because that went directly to our bottom line."

Summers achieved similar savings for Rockpoint Group.

"Matt is the complete package—extremely technical and knowledgeable of the insurance products, but also attuned with our business and its challenges," said Crystal Flack, Rockpoint's risk manager. "If an off-the-shelf product is not a fit, Matt has the creativity and strength of relationships to fashion solutions not commonly available. We have benefited from one such product in particular, which provided the protection we needed on a project at 40% under what the off-the-shelf option would have cost."

Mark Friedman, director of risk management at The Hanover Company, agrees: "There is no one more deserving of this award than Matt Summers."