

SIIA Successfully Expands Into ART Marketplace

*More Captive Industry Professionals Learn Why SIIA is
A True One-Stop-Shop for Education, Networking and Advocacy*

Published June 1, 2009

www.siiia.org

Over the last several years, the Self-Insurance Institute of America, Inc. (SIIA) has seen a steady increase of members involved in the alternative risk transfer (ART) marketplace. In response to this growth trend, the association launched a new ART membership section at the beginning of this year to facilitate the delivery of more targeted membership benefits.

SIIA's other membership sections are focused on self-insured health plans, self-insured workers' compensation programs and international self-insurance/ART.

So why has SIIA been attracting captive/RRG owners, captive managers and other industry service providers? According to current members, they see value in many ways.

"I am active in SIIA because it is the only national (and non-domicile specific) association that has both an ART focus and a focus on the underlying lines of coverage. Too often in the captive world, the focus is on the means and not the ends," said Andrew Cavanagh, a senior executive with **Berkley Risk** based in Minneapolis.

Mr. Cavanagh's comments highlight SIIA's unique value proposition in that the association "connects the dots" on the various alternative approaches employers can utilize to finance risk.

This is important because it is not uncommon for a single company to self-insure its health benefits and workers' compensation plans/programs, operate a captive, and utilize an ART program for international risk exposures. In this regard, by understanding how all of the risk financing pieces function and fit together, employers are better positioned to make decisions.

“Our company has self-insured its workers’ compensation program for many years, but SIIA helped educate us on captive insurance and as a result we now operate a captive based in Hawaii to cover a specific risk much more cost effectively than if we purchased insurance in the traditional market,” commented Stan Smith, vice president of risk management for Las Vegas-based **Boyd Gaming Corporation**.

Boyd Gaming’s experience illustrates the significant business development opportunities for captive industry service providers who understand how SIIA’s membership diversity is an advantage.

Those who have dismissed SIIA as not “targeted enough in the captive market” to justify their involvement fail to recognize that all of the association’s large membership base is already oriented toward self-insurance/ART solutions and an increasing number have an interest in captives – either setting up a captive for their own company, or self-insurance service providers who want to become involved in this market niche.

Moreover, most of these SIIA members who have an increased interest in captives/RRGs have not yet established their business partnerships. Contrast this with captive-specific association where most business partnerships are already in place.

“By participating in SIIA I have made several contacts with senior executives involved with self-insured health plans that have resulted in some interesting captive-related business opportunities,” according to Dick Goff, managing member of **The Taft Companies**, a leading captive management company. “These are not individuals I would have met anywhere else. Even more exciting are the contacts I am starting to make through SIIA with those interested in ART solutions on an international basis.”

Les Boughner, executive vice president & managing director of **Willis North American Captive & Consulting Practice** and former board chairman of the **Captive Insurance Companies Association (CICA)**, further validates the association’s holistic membership service strategy. “I believe that SIIA is taking the right approach by recognizing that the alternative risk transfer market is an important and rapidly growing component of the self-insurance needs of commercial industry.”

Many of the unique business contacts and educational insights previously referenced take place each year at SIIA's National Educational Conference & Expo. Some are not aware that this is the world's largest conference & trade show dedicated to the self-insurance/ART marketplace, which has attracted an increasing number of international delegates each year.

"The conference provides networking with other companies facing similar challenges and access to the thought-leaders, vendors and consultants crafting and executing solutions. I think a person could pick up more creative and results-oriented information just eavesdropping on the hallway conversations at SIIA than at any other forum," commented James LeRoy, senior vice president with **Meadowbrook Insurance Group**.

While SIIA's track record on education, networking opportunities and informational resources is enticing for those involved in the captive insurance industry, the association's government relations capabilities may be the most impressive and valuable membership service.

SIIA has maintained a robust lobbying presence in Washington, DC for nearly 20 years, focusing much of its attention on protecting the ability of employers to finance risk in the most cost effective and efficient manner. More recently, the association's government relations team has become directly engaged on issues of direct interest to captive insurance companies and risk retention groups.

When the IRS came out with proposed regulations in 2007 that would adversely impact single parent captive insurance companies, SIIA initiated a lobbying campaign targeting members of the Congressional committees with IRS oversight in an effort to put pressure on the agency to withdraw the regulations.

SIIA also organized meetings between association members and the IRS staff members who actually drafted the regulation to help educate them on the negative implications. These efforts directly contributed the agency's decision to withdraw the regulation.

Association lobbyists are currently working to promote federal legislation to allow risk retention groups to write commercial property coverage and to provide a new remedy for RRGs to appeal improper actions taken by regulators from non-domiciliary states.

John Jones, president of **Moulton Bellingham, P.C.** a Montana-based law firm that represents many captives/RRGs domiciled in that state and is on the board of the **Montana Captive Insurance Association**, has directly participated in SIIA lobbying initiatives and has a definite view of the association's effectiveness. "The ART industry is well-served by SIIA. The association's government relations team is top-notch, politically connected and simply gets things done."

To supplement its lobbying capabilities, SIIA has established a political action committee (Self-Insurance PAC), which represents the only organized vehicle for the self-insurance/ART industry to financially support members of Congress, as well as U.S. House and Senate candidates, who have the ability to shape legislation that affects the self-insurance/ART industry.

Much of the ongoing success of SIIA's continued growth in the captive/RRG marketplace can be attributed to the association's Alternative Risk Transfer Committee, chaired by Kevin Doherty, a partner in the law firm of **Burr & Forman, LLP** and president of the **Georgia Captive Insurance Association**.

Under Kevin's leadership, the 12-member volunteer committee has developed informational resources, coordinated a dedicated ART track for the SIIA National Conference and has supported the association's ongoing government relations program.

"Chairing SIIA's ART committee has been a very positive experience and I believe we are doing things that will have widespread impact throughout our industry" Kevin commented recently. "I am particularly impressed with SIIA's philosophy of taking the initiative and working proactively in support of its members' interests. Our committee has proven to be a diverse and productive group within the overall SIIA machine."

Ted Hall, a SIIA ART committee member and president of Las Vegas-based **CHSI Captive & Insurance Mangers**, reinforces Chairman Doherty's assessment of the committee's importance. "I have served on a number of boards and committees for insurance-related professional and educational associations. My involvement with SIIA's ART committee is at the top of my list in regards to its professionalism and involvement with critical issues facing ART programs." Mr. Hall also serves on the board of the **Nevada Captive Insurance Association**.

Some business associations become just comfortable habits over the years. But through member testimonials such as the foregoing, SIIA's appeal to the ART

community remains fresh and easily defined. In times when every membership dollar must pull its weight, a SIIA membership makes perfect sense.