

# GETTING AN INTERNATIONAL PERSPECTIVE ON SELF-INSURANCE

SIIA'S INTERNATIONAL CONFERENCE RETURNS WITH VIGOR TO ONE OF THE WORLD'S LEADING FINANCIAL CENTERS AND REINSURANCE MARKETS

Written By Bruce Shutan

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Dublin, capital of the Republic of Ireland, founded by Vikings and the site of SIIA's 2024 International Conference in July, is known for Guinness, St. Patrick's Cathedral, James Joyce, U2, spectacular golf courses, and lowland landscapes. But it's also home to more than 1,100 overseas manufacturing and service companies and one of the world's nine main captive insurance market centers.

Now, it is the destination for a unique educational and networking event focused on international trends, challenges, and solutions related to self-insured employee benefit programs and captive insurance companies.

“We are pleased to bring back SIIA’s International Conference given that employers are increasingly operating in multiple countries and require more sophisticated employee benefit and risk-management solutions,” says SIIA President and CEO Mike Ferguson. “Attendees will learn about some of these solutions they can bring to their clients while also identifying potential business-development opportunities.”

Prominent headquarters for most of the world’s ten leading banking institutions are located in Dublin, while all of the world’s ten leading reinsurance entities, including Munich Re, have operating bases out of Dublin, observes Sumanth Reddy, CEO of Quantify Health, who will be speaking at the conference.



Mike Matthews

Dublin-based Mike Matthews, international commercial director for Artex Risk Solutions, who also is on the conference agenda, is excited that SIIA is coming to his city and thinks “it’s a great opportunity to showcase Dublin as a go-to captives domicile, especially for U.S.

corporates looking to operate throughout the European Union.”

Ireland has an excellent reputation as an insurance and reinsurance captive domicile of choice. It continues to grow due to an evolving regulatory system and Ireland’s location in Europe, adds Greg Arms, president and CEO of the Arms Group and 2024 SIIA International Conference program chairman. He also notes that Dublin ranked 35th of 215 cities worldwide in a quality-of-life survey conducted by Mercer.

Serving as a gateway to Europe for multinationals, Ireland boasts strong political and regulatory stability, as well as a highly educated English-speaking workforce, according to Lorraine Stack, the Dublin-based managing director of Marsh Captive Solutions International, another conference speaker who says these attributes have drawn Americans to their book of business.

## A NUMBER OF FIRSTS

But Ireland also has a rich history that SIIA members will find as fascinating as it is relevant to their work. Stack notes that it is home to the first direct-writing captive in 1989, the first employee benefit captive in Europe in 1996, the first direct-writing motor insurer in Europe in 2003, the first multi-jurisdiction pension reinsurance captive in 2011, and the first Solvency II catastrophe bond in 2016.

Of more than 70 captive domiciles in the world, Dublin ranks at No. 15 and is becoming a popular onshore destination that’s competing with offshore locales that Stack notes are often located in sunny places like Bermuda or the Cayman Islands, where there’s been a very low or zero local corporation tax. She sees a roughly 50/50 split between the world’s more than 7,000 onshore and offshore captives.

While many blue-chip companies have been drawn to Dublin, Matthews believes the city “sort of lost its way over the past five years, and I think it’s principally as a result of the local regulator, Central Bank of Ireland, having a lack of resource bandwidth in the wake of Brexit, and new companies establishing in Ireland as their Brexit solution, but also resources, in general, to take on new projects, formations and licensing activities.”

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The good news, he explains, is that the regulator has come through that patch and is looking to be more commercial regarding captives, which will feed into new formations. Apart from a new direct-rider captive, he says one other telling sign is eight license extensions in 2023, which is “a significant uplift on prior years” and a positive development in terms of new organizations looking to launch a captive in Dublin or those with existing captives there to make greater use of those vehicles.

He expects that there will be several new capital formations over the next 12 to 24 months, which will return Dublin to the global captive stage sooner rather than later. Matthews also expects lively debate around the absence of protected cell legislation in Ireland, as well as the direction of travel and challenges for captives around the aforementioned Solvency II, which codifies European Union insurance regulations and reporting requirements, including the amount of capital that must be held to reduce the risk of insolvency.

When Solvency II was rolled out across Europe in 2016, Stack says the law required higher capital, more governance, and more complexity. It also coincided with a soft market, and there was a pause in captive formations. But since 2021, when the hard market kicked off again, she notes that

several European domiciles have started to see a lot of growth.

“Captive industry players are actively speaking to the Irish regulator about how we can make things better in Ireland,” she adds, “and we’re quite hopeful for some changes to the application process and other proportionality principles that will make Ireland more captive-friendly than it is right now.”

### GIG-ECONOMY FLEXIBILITY

Several hot topics about trends in captive insurance are expected to garner a generous share of discussion at the Dublin event.

“Cybersecurity is one of our fastest growing NOW,” Stack reports, noting that

this non-traditional line has only become insurable in recent years. She explains that the gig economy is also fertile ground for activity, given that there are no off-the-shelf insurance products that are specific or relevant enough for players in this growing space.

Examples of the latter include large telephone companies putting handset insurance into captives, along with motor vehicle manufacturers, particularly those that make auto parts for self-driving cars. “They’re finding that they have much more relevant data on their drivers than an insurer,” she says.

Captives give gig economy businesses financial flexibility, according to Matthews. “For example,” he says, “rideshare companies offering dynamic pricing instead of a fixed price, and food and parcel delivery companies with non-owned auto risks are typically hard-to-place insurance risks in the traditional market. So utilizing your captive to fund those risks is a perfect match.”

Another exciting development Stack has seen is that the concept of environmental, social, and governance in investing, known as ESG, is becoming more prevalent in the captive space. “Captives will definitely be part of the solution in energy transition,” she adds.



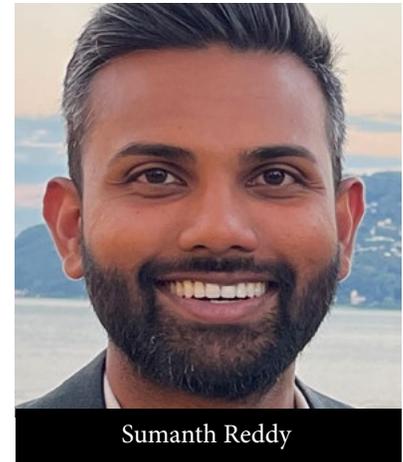
Lorraine Stack

## HEALTHCARE SERVICES BEYOND BORDERS

Much discussion at the conference also will involve medical travel. The advantages of seeking healthcare in another country include cost savings and reduced wait times for kidney or heart transplants, as well as combining the need for medical care with tourism, Reddy points out.

However, there also are downsides. He fears that patients risk subpar treatment, including a lack of proper post-operative care if there are complications, encountering facilities that don't meet U.S. safety standards, and communication barriers. This is especially true for the clinical intervention part due to language differences, which ultimately can lead to misunderstandings between healthcare providers and patients.

Building on this, Reddy asserts that care delivery in the U.S. is constantly improving, thanks to the innovation of new value-driven care-delivery platforms. He argues that an ability to reap the financial benefits of seeking care halfway across the globe within the confines of the U.S. will likely result in a greater willingness on the part



Sumanth Reddy

of patients to engage in an alternative site of care and a higher adherence rate.

Offering a more localized perspective, Matthews notes, "We're seeing more Irish and U.K.-based patients looking at traveling to places like Turkey and

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Eastern Europe for, in particular, cosmetic surgery. The driver is very much financial and the ability to access it quickly.”

Key issues with similar procedures in Ireland and the U.K. involve the length and waiting lists, as well as whether they’re covered by insurance. In the past 12 to 18 months, he has seen “a significant increase in the number of horror stories around the quality of the medical procedures that people are receiving, so effectively you’re getting what you’re paying for.” The focus has been on post-surgery care and ensuring that patients can travel back to their home country to convalesce for an appropriate amount of time.

### ONSHORE VS. OFFSHORE

Given the cross-pollination of ideas from SIIA members about benchmarking employee benefit plans, Reddy believes “we can learn a lot from how our counterparts and colleagues from different parts of the world engage with their stakeholders, whether those are employers, municipalities, or single-payer ecosystems that bear financial exposure by supporting the total cost of care for their population.”

He references care delivery models in Europe, Asia, and other parts of the world that “seem to do it better for less dollars” compared to the U.S.,

which has “the highest cost with one of the lowest yields in the world. I view that very large delta as an opportunity for improvement.”

According to Reddy, there are many threads to pull for conversations on universal coverage, cost control, preventative care, and a reduction in administrative burdens. He points out that examining healthcare systems with socialized medicine around the globe makes it easy to observe a streamlined supply chain and reduced administrative burden due to less paperwork. He adds that these efficiencies offer valuable lessons that could be adapted to refine the established systems and processes within the U.S.

There also are other considerations worth mentioning. “If you look at the Googles and Apples of the world, they actually don’t place a lot of their financial or intellectual property assets in the Caribbean,” he explains. “Dublin stands as the European epicenter for finance and insurance, and it’s high time for the city to extend a warm welcome to our captive stakeholders. This invitation acknowledges the city’s well-established diversity within financial services.”

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Greg Arms

Matthews and his team are seeing a migration from Bermuda for U.S.-parented captives back onshore, including European domiciles, with positive legislative developments in France with the U.K., Spain, and Italy looking to follow suit. “Whether that means the traditional offshore captive model is dying or dead, time will tell,” he says, “but it is a very on-point conversation.”

SIIA International Conference attendees will learn how captives are increasingly being used to fund more employee-centric solutions. Matthews says that includes life, disability, and medical, which they typically underwrite, but also extending their use to wellbeing and wellness for a more well-rounded, world-leading benefits package to attract and retain top talent.

Another timely topic will be the impact regional wars in Ukraine and Israel are having on insurance capacity, access, and rates, as well as reinsurance markets, according to Arms, noting how speakers from AIG and the London market will address those issues. “We’re going to look at the global geopolitical situation and how it’s impacting workforce populations, medical travel destinations, and expatriates moving around the world,” he adds.

#### MULTINATIONAL SYNERGIES

Arms is enthusiastic about the “blending of European and American experts,” which will enable attendees to compare and contrast their practices. Among the global employee benefits issues expected to be discussed, he’s most intrigued by digital health platforms, advanced analytics, behavioral health, and wellness programs.

Adds Matthews: “When you get different cultures and markets in the same room together, both sides get a chance to talk about how they are solving problems in their markets. We know as a global business that something that works in the U.S. can be transportable to our international markets and vice versa... We work very collaboratively between our North American and international teams, and that sparks creativity and the development of new products and services throughout the organization.” ■

*Bruce Shutan is a Portland, Oregon-based freelance writer who has closely covered the employee benefits industry for more than 35 years.*

#### FOR MORE INFORMATION ABOUT THE CONFERENCE

*Complete event information can be accessed now at [www.siaa.org](http://www.siaa.org)*

