



50 YEARS OF CICA— AND A VISION FOR THE FUTURE

CICA has grown in the past 50 years to be a unique and powerful voice for the industry. We explore the progress made so far and what the future holds.

The Captive Insurance Companies Association (CICA) has come a long way in the 50 years since it was founded, evolving into a powerful voice for the industry that is able to instigate change while also providing networking opportunities, education, innovation, and support across the industry as a whole.

In its earliest days there were just a handful of members: US captive owners who, in 1972, decided they wanted a forum in which to discuss problems relating to their relationships with fronting companies and reinsurers.

“CICA was formed to represent the interests of very large corporations that owned captives,” says Joel Chansky, principal, Milliman, whose long experience with CICA includes sitting on various committees and serving as board chair. “They needed a voice and an opportunity to network.”

By the later 1970s, tax concerns loomed large, intensifying the need for a voice for the industry. CICA duly evolved to become not only a significant forum for industry debate but also a platform from which its voice could be projected.

As it evolved, its membership grew to include service providers as well as captive owners. A key point has always been that it is not constrained to one domicile.

“CICA has evolved into an organization that stresses advocacy, education, and networking for the captive industry, while remaining domicile-neutral,” says Chansky. “CICA has worked on issues facing the industry related to diversity/equity/inclusion and succession planning to help attract a new generation of professionals to the captives industry.”

CICA vice chair and 2022 Conference Program Chair Renea Louie, chief operations officer of Pro Group Captive Management Services, agrees that CICA has evolved to play a central role in the industry.

“CICA has grown and evolved at an impressive clip,” she says. “It tests concepts, and brings together think tanks of experts to review and modernize important key topics, best practices and white papers. CICA creates awareness, and an environment for innovation, collaboration, and education. Most of all, the networking opportunities are invaluable.”

Key milestones

As its voice has grown, so has CICA's impact on the industry. One of its most significant achievements has been the leadership role CICA has played in heading off attempts by the US Internal Revenue Service (IRS) to limit the tax and deductibility benefits of captives, which began with IRS Ruling

77-316 in 1977. CICA and industry lobbying helped to defeat the efforts to limit the role of captives in risk transfer

When the IRS promulgated a proposed treasury regulation that would have wiped out all tax benefits for any domestic captive or any offshore captive that elected to be treated as a domestic captive, CICA and the Vermont Captive Insurance Association (VCIA) rose up and succeeded in getting the proposed regulation withdrawn.

“That put CICA firmly on the map, as it was a significant undertaking and it was done well, in partnership with the VCIA,” says Robert (Skip) Myers, senior counsel at law firm Morris, Manning & Martin. “That really marks the first step in the creation of CICA as we know it.”

Charles Lavelle, partner, Dentons Bingham Greenebaum, who has worked with CICA on various tax projects to provide comment and advocacy with the IRS and other tax-related matters, agrees that this was a highly significant milestone.

“They were instrumental in having the US Treasury withdraw regulations that would have effectively eliminated captive insurance for public companies,” he says. “The IRS has requested industry comment on various topics and proposals several times. CICA has worked with others to provide comments.

“In addition, when the State of Washington began a campaign to impose tax, CICA worked with captives and relevant service providers to assist in industry views and stand-by expertise. CICA functions as an advocate for various industry positions but uniquely, CICA also operates as a neutral resource for government agencies, both insurance domiciles and non-insurance bureaus.”

“Many milestones are tied to white papers and guidance documents,” adds Chansky. “The ‘Do 831(b) Captives Right or Don’t Do Them At All’ whitepaper was very important.”

He highlights the fact that when the Organisation for Economic Co-operation and Development was trying to paint captives with a negative brush, CICA responded with an extremely valuable white paper on the topic.

Besides its efforts to provide insight, guidance, and advocacy, CICA has made significant efforts to attract and nurture the next generation of captive insurance industry professionals, providing them with valuable education, mentorship and networking opportunities. This has been achieved through its NEXTGen program and through the Amplify Women Committee, which works to support career progression for women within the industry.

"We are gratified to see a youth movement in the captives industry," says CICA board chair Lance Abbott, president and chief executive officer of BevCap Management. "CICA leads the way in fostering development of that next generation. CICA has been intentional in giving speaking and leadership opportunities to women and young professionals."

The continually evolving annual CICA International Conference is set to return in full and in-person for 2022 following a reduced and largely online offering during the COVID-19 pandemic.

"A key event was the first time the International Conference exceeded 500 attendees—that was a significant milestone and set the bar for future events," says Chansky. "The president hires of Dennis Harwick and Dan Towle also stand out. Dennis helped guide CICA's initial growth and expansion, and Dan has taken CICA to the next level with a variety of innovative initiatives."

Today, the makeup of the CICA board is diverse, including captive owners and service providers from different segments of the industry. Together they provide valuable insights and active leadership. The board members speak at many industry events, share success stories and best practices via the media to enhance the understanding of the value of captives and the importance of captive best practices.

"CICA has played an important role in expanding the captive insurance industry," says Abbott. "We allocate funds for educating businesses as well as federal and state legislative bodies on the importance of captives to the health of businesses that operate or domicile in those states."

"If you consider the growing number of states that have added captive legislation over the past 20 years, that was driven by local businesses lobbying their state legislatures for the opportunity to re-domesticate an existing captive to their home state or establish a new captive there."

"CICA has embraced the leading-edge nature of captive insurance and it remains innovative and forward-thinking. As CICA identifies emerging opportunities for captives, our education offerings evolve to address those opportunities."

Past CICA board chair Steve McElhiney, senior vice president and director of reinsurance at Artex, is proud of the journey that CICA has followed over the past 50 years and agrees that it continues to lead the way for the industry.

"Essentially, CICA has 'grown up' with the industry," he says. "I have been affiliated with CICA for 15 years and I have witnessed a tremendous change in terms of the content offerings, the networking opportunities, and importantly its role as a forum for the industry."



"Captives and alternative risk have gone from being a cottage industry on the periphery of the overall property and casualty industry to now, a major pillar of various global risk solutions. Associations such as CICA need to also evolve with such change, and I feel strongly we have done so to both enhance our relevance and to expand our membership."

"CICA is uniquely positioned to expand globally and currently has an expansion effort underway in Asia—an important region of captive growth into the future. I am most excited about CICA's immediate and long-term future."

CICA's expansion in Europe and Asia reflects its forward-thinking attitude.

"As CICA has evolved over time, past activities have helped point the way to the future," says Chansky. As an example, he cites the fact that when the OECD issue was unfolding and CICA was responding with its whitepaper, CICA's leadership recognized how important it was to look at the captive industry globally, and not just from a North American perspective.

"That has led to collaboration with captive organizations in Europe and Asia," he says. "Today, international issues are a top CICA priority."

Looking to the future

On its 50th anniversary, CICA is the fulcrum for many important captive insurance industry functions. It is the domicile-neutral association for the entire captive insurance industry: captive insurance companies, captive domiciles, state and other domicile captive associations, educational associations such as the International Center for Captive Insurance Education, and service providers.



“CICA has embraced the leading-edge nature of captive insurance.”

LANCE ABBOTT, BEVCAP MANAGEMENT

risks,” says Towle. “That’s a powerful marketing message, and we’re taking it to a wider audience, so we can raise awareness and create excitement about career opportunities in the captive insurance industry.

“We will continue to expand our advocacy activities to champion the valuable role of captive insurance in today’s marketplace where captives continue to face threats from being misunderstood.”

As part of its increased involvement in Europe and Asia, CICA continues to collaborate with its partners at the European Captive Insurance and Reinsurance Owners’ Association (ECIROA) and is getting more involved with the Pan-Asia Risk and Insurance Management Association (PARIMA).

“It is important for us to continue to evolve our board and organizational leadership to align with our strategic goals such as working with universities and expanding our international focus,” adds Towle.

“Another goal is to continue to develop our partner relationships with other domicile associations. Through our work with these associations and the Captive Association Leadership Council, CICA is playing a larger role in coordinating our collaborative efforts in support of the captive industry. We have strong relationships with many of our industry partners.”

Myers believes that whatever the future holds, CICA will rise to the challenge.

“We don’t know exactly what’s going to happen, but we know that the same type of issues will arise—changes in the law, changes in the economy, changes in interpretations,” he says. “Cases that come out of that may have a bad result for captives and CICA is experienced in dealing with these and is able to put together a coalition to work on these, drawing on all that has been learned over time.

“CICA will remain a responsive organisation in that respect. It’s able to do some proactive work by getting to know the regulators or the legislators and getting a heads up when something is coming down the line.”

Innovation and forward thinking are as important for CICA as they are for the industry as a whole. Both are in a significant growth period and Chansky emphasizes that CICA needs to keep pace.

“CICA needs to continually evolve and grow,” he says. “Growth of membership needs to be a top priority. While it can be a difficult ‘sell’ to ask people to be members of both their domicile captive association and CICA, CICA needs to keep working hard at this.

It is a convenor where each of these groups can meet collectively and individually. CICA holds educational conferences, face to face and via webinar. These conferences also accommodate separate meetings for captive owners, for regulators and for CICA Committees.

CICA publishes other educational materials, which are available on paper or electronically, including on its website.

“CICA recognizes leaders in the industry, individuals and organizations,” says Lavelle. “It proactively identifies industry issues and works to provide industry views and solutions.

“CICA’s preeminent status positions it to react to the next issue that arises, convene stakeholders for discussion and speak authoritatively on the solution or analysis. It will then incorporate it into its educational sessions.”

Louie agrees. “CICA is the voice for captives and the impact CICA has had on the profession and risk management has been profound,” she says. “The positive progress and energy are very exciting in the captive insurance industry and CICA always leads the way in looking forward.”

Towle says that as it develops, CICA stays true to its role of providing the best source of unbiased information, knowledge and leadership for captive insurance decision-makers.

“We keep an eye on the horizon so we can be nimble in adapting our programs, educational focus and advocacy efforts to foster industry growth and protect our industry,” he says.

As part of this, CICA aims to attract more new talent to the captive insurance industry.

“Our Essay Contest finalists tell us they’re excited about being at the forefront of creating captive solutions for emerging

SHUTTERSTOCK: ANDREY POPOV

“ CICA creates awareness, and an environment for innovation, collaboration, and education. ”

RENEA LOUIE, PRO GROUP CAPTIVE MANAGEMENT SERVICES

“CICA needs to constantly show that it is adding value to its members. Otherwise, membership will diminish and captive professionals will look elsewhere for advocacy, education, and networking. With the changing of the guard in the industry, where the professionals who helped fuel the growth starting in the 1980s are now retiring, CICA needs to help fill the void and up its game.

“Innovation and forward thinking are vital to address this, and other issues. Captives will continue to be a cornerstone of risk management. As more and more complex risks arise, from cyber, to pandemics, to natural disasters and climate change, captives will become even more important to businesses around the world.”

Louie believes that CICA is succeeding in staying several steps ahead of the game.

“As organizations seek to grow, they must remain competitive and, above all, they must innovate,” she says. “The pace of change and competitive landscape are such that if you are not innovating you are inevitably in stagnation and decline.

“Business owners expect a constant flow of new products and services, new solutions and new techniques. CICA has taken an aggressive, positive role in innovation and has brought forward key initiatives for all members to benefit from including NEXTGen, Amplify Women and so much more as the latest in a long series of successes.”

During CICA’s first 50 years captives have grown into to a central component of the global property and casualty marketplace. Current market conditions, rapid technology advancements and a steady supply of emerging risks provide an ideal environment for continued growth.

“In good times, strengths and weaknesses of a business’ risk and claims management are often overlooked,” says Louie. “In bad times, weaknesses often come to the forefront and the business seeks better options more urgently. We are currently experiencing one of those times. There is no question that the situation the world faces with the COVID-19 pandemic, is extraordinary.

“The captive insurance solution has accelerated by leaps and bounds. Business owners are going to rely on captives at an increased rate for the foreseeable future. Necessity is the mother of invention, and we have to stand ready to serve at our highest and best.

“As an industry, I believe they will rely more on CICA in the coming years than ever before. It is vital that the industry prioritizes best practices, increased education, the highest possible standards and ethics.

“There is unprecedented opportunity for the next several years to positively change the landscape of how business manages risk and uses alternative risk transfer. Captives are a powerful option and now more than ever, captives will solve problems and continue to lead the way as an essential option,” Louie says.

“CICA believes innovation is essential to creating this growth,” says Towle. “One of the best ways to foster innovation, for our association and for the industry, is by creating a culture of diversity, equity and inclusion where everyone feels they belong, and their contributions are valued.

“This is essential for attracting the best and brightest young professionals who will help deliver the captive solutions organizations will be looking for in the future.”

Lavelle adds that the captive industry is now the innovation laboratory for the entire insurance industry.

“Coverages such as reputational, cyber, loss of key customer, loss of key supplier, among many others, were often developed (and sometime initiated) in the captives arena, and many have evolved into standard commercial coverages,” he says.

“CICA continues to provide education and act as convenor for the industry, including coverages developed in the industry.”

With all eyes set on the next 50 years, CICA is set to help the captive insurance industry continue to lead the way.

“CICA can act as a leader and an organisation that gets the word out about what’s happening and what the problem is, and then acts as a place where the individuals that need to be involved, can become involved and work together and work more efficiently,” says Myers.

Abbott adds that the benefits for members, and for the wider industry, are immense.

“I am so appreciative of the forum that CICA provides,” he says. “Over the years many people have mentored and encouraged me. When we founded our company, we interviewed our service providers at the CICA International Conference and made our selections.

“CICA has been a crucial part of growing our business. Because it is domicile-neutral, CICA crosses all the disciplines in our industry and provides a way for these diverse experts to come together, share best practices and fuel the passion for promoting our industry and ensuring that the captive industry continues to grow and thrive.” ●