

**The DC Captive
Insurance
Newsletter**

Third Quarter, 2008

Managing Editor
Tom Mather

Design/Graphics
Lisa Sawyer

Editorial and Advertising Office
PO Box 1237
Simpsonville, SC 29681

Self-Insurers' Publishing Corp.

The DC Captive Insurance Newsletter is published quarterly by the Self-Insurers' Publishing Corp. (SIPC), 17461 Irvine Blvd, Suite 1, Tustin, CA 92780. Postmaster: Send Address changes to The DC Captive Insurance Newsletter, 1250 H St., NW, Suite 901 Washington, DC 20005

The DC Captive Insurance Newsletter is the official publication of the Captive Insurance Council of the District of Columbia, Inc. (CIC-DC). Annual subscription price is \$49.95 per year (U.S. and Canada) and \$89.95 per year (other countries). Members of CIC-DC subscribe to The DC Captive Insurance Newsletter through their dues.

© Copyright 2008
by Self-Insurers' Publishing Corp.

All rights reserved. Reproduction in whole or part is prohibited without permission. Statements of fact and opinion made are the responsibility of the authors alone and do not imply an opinion of the part of the officers, directors, or members of CIC-DC or SIPC.

Technology:

The New Balance Between Captive Innovation and Regulatory Compliance?

By Nicholas H. Teetelli
Chief Executive Officer
Maple Technologies, LLC

The Captive and Alternative Risk Transfer industry continues to globally develop and mature, offering financially viable risk transfer vehicles with proven track records. However, this is also an industry malcontent

with the status quo, and is driven by innovation and creativity, pressing the limits, terms and means by which it chooses to transact its business.

The past decade has borne witness to the emergence of another forefront in innovation; the Protected Cell Captive, with roots of origin tracing back to Guernsey, when The Protected Cell Companies Ordinance was

first passed in 1997. Over the past decade other jurisdictions, including Washington, DC, have passed similar regulation supporting Protected Cell Captive formations, and in more recent years these formations have gained traction and acceptance within US regulatory communities.

However, innovation will almost assuredly result in inten-



While there is much available by way of technology for the core insurance industry sector, there is very little to be found to support the highly specialized transactional business requirements that drive the Captive industry.

sified accountability via regulation. As Protected Cell structures continue to develop and grow, so too will the regulatory requirements spearheading compliance and solvency benchmarks. Native to the landscape of these Protected Cell Captives are intricate segregated transactional components that will inevitably yield equally complex regulatory reporting requirements, and find their way into business requirements routines for this industry.

Looming around the corner as well will be the after effects from the capital markets saga currently unfolding. Once these markets eventually bottom out, it is very likely that the regulatory community will respond with more stringent reporting requirements, possibly more frequent reporting requirements, especially with regard to insurance-linked securities that are designed to safeguard Captive solvency.

For many Captives, the advent of extended reporting requirements may pose significant challenges, as the Captive industry is generally under-technologized, principally relying on smatterings of primitive homegrown database applications, burdened spreadsheets and a lot of manual process. Many Captives struggle to meet current, much less emerging regulatory reporting requirements, without adequate technology-based resources. With augmented regulation, Captives will need to drill down to granular levels, establish trending patterns as well as other barometers measuring portfolio performance and development.

While there is much available by way of technology for the core insurance industry sector, there is very little to be found to support the highly specialized transactional business requirements that drive the Captive industry. Captives will

need to develop strategic resource relationships with solution providers that can address the uniqueness of their niche-based industry; delivering custom configured platforms supporting underwriting, rating, policy, claims and reinsurance administration as well as statutory reporting.

As the Captive industry continues to mature and drive growth through innovation and more intricate transactional capacities, greater emphasis will be placed on technology to manage the balance between supporting business operations and meeting regulatory compliance and reporting obligations.

Nicholas H. Teeteli serves as the CEO of Maple Technologies, LLC, with corporate offices out of Manalapan, New Jersey. Maple Tech is a software development company whose primary focus is web application

development for the property and casualty insurance industry. Its main product, Aspire, is a comprehensive web-based Internet policy, claim and reinsurance management system, including statutory reporting capabilities. Aspire boasts cutting edge technologies that combine intuitive user interfaces with intelligent data structures. Through integration of the latest in web and database technologies, Aspire allows real time access to data while offering full policy and claim management capabilities that respond quickly. For more information visit us on the web: www.maple-tech.com

