



P.O. Box 2815  
Honolulu, Hawaii 96803

# Hawaii Captive Insurance Council

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**SPECIAL POINTS OF INTEREST:**

- 178 Active Captives in Hawaii
- HCIC nearly 100 active members.
- HCIC established since 1987

## Save The Date

Join us at Forum 2013 "Captivating Success"



Our 2013 Educational Forum will be held at the fabulous Hapuna Beach Prince Hotel on pristine Kohala Coast of Hawaii, the "Big Island" on November 5-8, 2013.

Our sessions will primarily emphasize case study presentations on specific owner concerns, with many prestigious captive insurance company owners on hand to share their views and stories. With a host of educational and networking opportunities, you are sure to find new ideas and concepts to explore with

your existing or potential captive. In addition we will have special recognition for all our current owners of Hawaii domiciled captive insurance companies and expanded opportunities for sponsor recognition.

Make sure you save this date to become part of the **Captivating Success of Hawaii!**

## Renew & Win

Back by popular demand – those renewing their HCIC Membership before February 14, 2013 will be entered into a drawing to win a brand new iPad!



# iPad

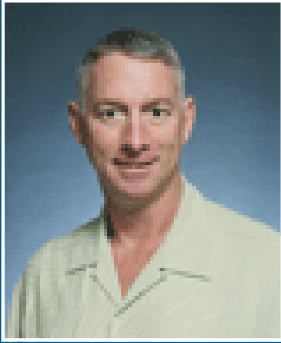
**RENEW BY FEBRUARY 14, 2013**

Invoices will be mailed in November 2012. You may also visit our website at [www.hawaiicaptives.com](http://www.hawaiicaptives.com) to renew online. Good luck!

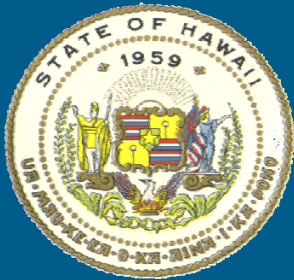
*One entry per membership renewal. Prize will be awarded to the voting representative of the organization.*

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George W. Sumner III, ACI  
Deputy Insurance  
Commissioner & Captive  
Insurance Administrator



**HAWAII  
CAPTIVE  
INSURANCE  
COUNCIL**

## A Message From The State

	2009	2011	Change
Net Number of active captives	161	172	+6.8%
New Formations	161 Base	22	+13.6%
Assets	\$7.2 Bill	\$9.8 Bill	+36%
Premium	\$1.7 Bill	\$3.2	+88%
Spending	\$15.5 Mill	\$19 Mill	+22.5%

In the March 2012 Newsletter it was reported that Hawaii reached a record number of active captives by licensing ten new captives for a total of 172 last year. I am pleased to announce that we have already added nine new captives for a total of 178. Also the pipeline would be the envy of most domiciles; however we have a confidentiality law which precludes me from bragging more than I already have!

We have additional statistics to share comparing 2009 to 2011. The numbers are impressive especially considering the increased competition from new and existing domiciles as well as the very tough economic conditions. This growth is attributed to the excellent infrastructure in both private and public sectors, and the common sense regulation that Hawaii offers. We have been able to increase the

number of captives, assets, premiums, and spending dramatically. (see above box)

That being said we do have our challenges ahead of us. We are down two examiners with many exams to catch up with. There are plans to fill those positions and add a few more slots to meet the existing obligations and the increased growth we have been experiencing and expect in the future. There is a major issue with the surplus lines tax that could affect all domiciles. This was an unintended consequence of the Dodd-Frank Act but it must and will be dealt with. We are in discussion with other captive domiciles and captive organizations to develop a plan of action. That being said, Hawaii is up to the challenge along with our strategic partners.

On a positive note, Hawaii will continue to look at ways to be responsive to

the needs of businesses. When issues arise with respect to captives, we will seek practical and responsible solutions; one such issue is regarding fronting by RRGs. We are working with the NAIC and states to seek clarity on the issue of fronting by RRGs. There are some states that require you to front and there are some states that say you cannot. Our vision is to continue leading the way in the industry with innovation and flexibility.

This being my 3 year anniversary at the Captive Insurance Branch (CIB) and the 25th anniversary of Hawai'i licensing its first captive, I could not be happier with the results. Thanks go out to all those who had the vision to start captives in Hawai'i so many years ago and all of those who have worked so diligently to make Hawai'i such a success story. This industry benefits the people of this great state in so many ways and everyone.

# HCIC Update

In recognition of the invaluable contributions of the Hawaii captive insurance industry and the Hawaii Captive Insurance Council to our community, Mayor Peter Carlisle recently presented HCIC with a Proclamation declaring October 22–26, 2012 Hawaii Captive Insurance Week.



Proclamation presentation to HCIC: L-R Jerelyn Brown, Fay Okamoto, JP Schmidt, Mayor Peter Carlisle, David Kahaulelio, Christina Kamaka, Mark Hironaga

## Mahalo

HCIC extends our many thanks to the following member companies who have given their added support to our organization over the past year. It is with this type of member support, that HCIC is able to continue working hard for Hawaii and our members.

Mahalo to **KMH LLP** for your donation of professional services to HCIC.

Mahalo to **Saslo, Lufkin & Buggy LLP** for your donation of professional services to HCIC.

Mahalo to **Safeway** for your contribution towards the development of the new HCIC Website.

# Captive Anniversaries

HCIC extends our congratulations to all captives celebrating these milestone anniversaries in 2012. Thank you for your continued loyalty and commitment to Hawaii as a captive domicile, and we wish you continued success for you and your captive programs. *Not all companies gave us authorization to print their company name, so this is not a complete list of 2012 milestone anniversaries.*

Captive Name	Captive Organizer	
Attorneys Insurance Mutual Risk Retention Group, Inc.		20 years
Nissan Motor Insurance Corporation	Nissan North America, Inc.	20 years
BC Insurance Company, Inc.		20 years
Providers Insurance Corporation	Hawai'i Pacific Health	10 years
Lokahi Assurance Ltd.	Kaiser Foundation Health Plan , Inc.	10 years
Cooperative of American Physicians Insurance Company, a Risk Retention Group	Cooperative of American Physicians, Inc.	10 years
Caregivers Reinsurance, Inc.		10 years
Seamount Insurance, Inc.	Hawaiian Dredging Construction Company, Inc.	10 years
Pacific Unified Insurance Company, Inc.		10 years

*"We have been extremely pleased with the decision we made 20 years ago to domicile Attorneys Insurance Mutual (AIM) in Hawaii. We have found the regulators in Hawaii to not only be supportive but also a pleasure to work with. The Insurance Department in Hawaii is highly respected in the states in which we operate, mainly California, and the operational and regulatory environment for our small captive has proven to work well. We feel confident that as regulatory standards continue to evolve, Hawaii will continue to recognize the unique needs of its captive insurance companies. We look forward to the next 20 years."*  
 Donald E Bradley  
 President, Attorneys Insurance Mutual Risk Retention Group

*"Our experience with Hawaii's captive industry started back in 2002 when our company was initially organized as a Class 2 captive and now is a Class 3 association captive RRG. Over the last 10 years, the Hawaii domicile has provided a consistent and supportive environment for the captive industry, incorporating a disciplined and reliable regulatory framework that serves the public interest, but which is flexible to allow captive companies to successfully develop unique insurance structures and programs that serve their owners and insureds. The strength of this domicile contributes to our A- (Excellent) rating from A.M. Best and our ability to provide innovative solutions in the ever-changing health care world. We look forward to the continued support and development of this unique industry for the benefit of the State of Hawaii, as well as, captive organizers and the public interest. Congratulations on the 25<sup>th</sup> anniversary of captives in Hawaii!"*  
 Phillip Unger, MD  
 Chairman of the Board, Cooperative of American Physicians, Inc.

*"We have been very pleased with the high level of knowledge, integrity and professionalism by the State of Hawaii and the many local professionals we have worked with in the last 10 years."*  
 Christine Sims  
 CFO, Vice President, Treasurer and Assistant Secretary  
 Caregivers Reinsurance, Inc.

*"Kaiser's Hawaii captive, Lokahi, has thrived in the ten years since its founding. Our success would not have been possible without the dedicated support from our captive manager, other professional service providers and the Hawaii Insurance Department. The spirit of Aloha is alive and well in each of those important relationships. Thanks, HCIC!"*  
 David Bell,  
 Executive Director, Corporate Risk Management, Kaiser Permanente

*"The Hawaii Commissioner's office has been flexible and responsive to our changing needs and requirements. The state has worked effectively and successfully with our Captive Manager and business partner, Beecher Carlson, for more than 20 years."*  
 Larry Weissman  
 Senior Manager Risk Management, Nissan North America, Inc.  
 Treasurer, Nissan Motor Insurance Corporation

*"Hawaii Pacific Health and Providers Insurance Corporation have enjoyed our 10 year partnership with the Hawaii Captive Insurance Council and the State of Hawaii Insurance Division. We're appreciative of the public/private partnership that supports Hawaii's captive insurance industry, and which makes Hawaii a great place for captive insurance companies."*  
 Deborah Boyd, MS, RHIA, CPHRM, ARM

*"The Hawaii captive industry, under the leadership and guidance of Captive Insurance Administrator and Deputy Insurance Commissioner, George Sumner, is a valuable resource for the State of Hawaii and its construction industry. The captive surety program within the industry has proven its sustainability and has achieved credibility through varied success stories. It provides comparable surety solutions and most importantly it contributes to the health of Hawaii's economy."*  
 Ryan Nobriga  
 Vice President, Finance, Seamount Insurance, Inc.