

Insurance

EXECUTIVE BRIEF

GLOBAL INSURANCE SERVICES

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1. FTI CONSULTING – GLOBAL INSURANCE SERVICES CONTINUES EXPANSION

RORY O'BRIEN IS SENIOR MANAGING DIRECTOR AND LEADER OF GLOBAL INSURANCE SERVICES, EMEA. HE IS BASED IN LONDON AND IS FOCUSED ON OUR ACTUARIAL, FINANCIAL AND RISK MANAGEMENT CONSULTING PRACTICE.

FRED DONNER, SENIOR MANAGING DIRECTOR, IS BASED IN NEW YORK. HE PROVIDES CONSULTING SERVICES IN FINANCIAL & RISK MANAGEMENT, BUSINESS TRANSACTION, M&A AND CAPITAL MARKET TRANSACTIONS.

MICHAEL FLAGIELLO, SENIOR MANAGING DIRECTOR, IS BASED IN NEW YORK. HE PROVIDES CONSULTING SERVICES TO ENHANCE PROFITS THROUGH OPERATIONAL AND FINANCIAL PERFORMANCE IMPROVEMENT ACROSS THE INSURANCE VALUE CHAIN.

ALEX UNTERKOEFLER, SENIOR MANAGING DIRECTOR, IS BASED IN NEW YORK. HE PROVIDES CONSULTING SERVICES TO TRANSITION NEW GO-FORWARD OPERATIONS THAT RESOLVE COMPLEX ISSUES, ACHIEVE REMEDIATION AND IMPROVE PERFORMANCE.

AMIR FARID, MANAGING DIRECTOR, IS BASED IN NEW YORK. HE PROVIDES STRATEGY ADVISORY AND CONSULTING SERVICES IN ANALYTICS, INNOVATION AND DIGITAL TRANSFORMATION.

3. IN THE NEWS: INDUSTRY LEADERSHIP & AWARDS

FORBES MAGAZINE NAMES FTI CONSULTING TO AMERICA'S BEST MANAGEMENT CONSULTING FIRMS LIST FOR THIRD CONSECUTIVE YEAR

EIGHT GLOBAL INSURANCE SERVICES COLLEAGUES ARE RECOGNIZED FOR LEADERSHIP AND INDUSTRY INVOLVEMENT

4. SPECIAL ADVISORY: STEPS FOR ENSURING YOUR CAPTIVE DELIVERS THE BENEFITS DESIRED

WE PROVIDE INSIGHTS AND GUIDANCE FOR CAPTIVE OWNERS ON HOW BEST TO ESTABLISH AND MANAGE THEIR CAPTIVE TO ACHIEVE LONG TERM BENEFITS.

FTI Consulting Insurance Practice Continues Expansion



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Rory O'Brien joined FTI Consulting as Senior Managing Director and Leader of Global Insurance Services, EMEA. He is focused on our actuarial, financial and risk management services from our London office. Rory has more than 30 years of senior line management and senior consultancy experience in the insurance industry, specializing in corporate turnaround, board advisory, strategy, mergers and acquisitions, efficiency improvement, management information, and expense rationalization projects. Prior to joining FTI Consulting, Rory was with RPC Consulting, where he established a new actuarial consulting, software and management consulting business, focusing on the insurance sector. Rory has held leadership roles that include Global Head of Risk Consulting & Software with Towers Watson; Managing Partner at EMB; Group Chief Executive at Guardian Holdings; and Partner in the Financial Services Division and Joint Head of Insurance Consulting at Deloitte in the UK. Rory holds a Diploma in Advanced Accounting (1981-1984) Carlow RTC, Carlow, Ireland, – Third Level; and College of Commerce (1984- 1986) Rathmines, Dublin, Ireland, Professional Accounting – ACCA Level II. He is a Fellow of the Institute of Chartered Certified Accountants.



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Fred Donner joined FTI Consulting, Global Insurance Services as Senior Managing Director providing consulting services in financial & risk management, business transactions, M&A and capital market transactions. Fred has more than 30 years of financial industry experience leading and advising corporations in financial management and through restructurings, international expansion, risk management and capital market transactions. Fred's executive roles have included Executive Vice President of Enterprise Risk Management for Travelers Insurance Companies, Inc., and Chief Financial Officer of its Business and International Insurance segment; Executive Vice President and CFO of

RenaissanceRe Ltd., an international reinsurance company headquartered in Bermuda; and National Partner-in-Charge of KPMG's Insurance practice. Fred is a Certified Public Accountant (inactive) and is a member of the American Institute of Certified Public Accountants. He holds a bachelor's degree in business administration from Pace University in New York City and serves on the Advisory Board of the Lubin School of Business of Pace University.



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Michael Flagiello joined FTI Consulting, Global Insurance Services, as Senior Managing Director in New York. He has more than 30 years of leadership experience building infrastructure and solving operational and finance challenges for middle market and large, global companies. An accomplished strategist, his vision and expertise in business performance has driven measurable results for his clients. He has led multidisciplinary teams on transformation projects in complex environments and has led business strategy projects for boards of directors and executive management. His ability to understand company culture has proven valuable in his ability to deliver effective solutions. Michael has spent a significant portion of his career in CFO roles with a corresponding track record for creating profits and corporate alignment through projects that enhance operating efficiency for companies of all sizes. Prior to joining FTI Consulting, he was a partner at Mazars USA for nine years. Prior to Mazars he was with SMART Business Advisory as senior manager, and prior to that he was with CNA, W. R. Berkley, and Transamerica. Michael has authored articles that were published in Accounting Today and the Wall Street Journal and various industry publications. He holds an MBA and a bachelor's degree in business administration from Pace University and is a Certified Public Accountant, New York.

FTI Consulting Insurance Practice Continues Expansion



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Alex Unterkoefler joined FTI Consulting, Global Insurance Services as a Senior Managing Director in New York. He has 25 years of experience specializing in business consulting for the insurance and reinsurance industries. He has served as co-leader for an international global consulting group and leader of a \$50 million U.S. consulting practice. His client service experience includes project leader on a variety of complex U.S. and international insurer and reinsurer projects. Recent projects include forensic accounting investigations; dispute resolution and support for arbitrations and litigation matters including fact and expert reports for client management and legal counsel. Alex works arduously with clients to develop and transition new go-forward operations on projects such as process remediation; process change and transformation; and finance operational improvement. He has led projects covering complex reconciliation; process and reporting changes; financial operations planning and analysis; contract compliance and analysis; fraud investigations; data integrity; internal audit; and statutory and financial accounting initiatives. Before joining FTI Consulting, Alex was a Partner at Mazars USA for nine years. His prior experience also includes a leadership position as a Senior Managing Director at SMART Business Advisory and Consulting where he spent 10 years. He started his career at PricewaterhouseCoopers. Alex holds a bachelor of science degree in Accounting from Illinois State University, and is a Certified Public Accountant, New York.



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Amir Farid joined FTI Consulting, Global Insurance Services as Managing Director in New York. Amir is an accomplished executive with more than 20 years of experience as a results-oriented leader skilled in shaping strategy, driving innovation, developing analytics practices, and leading significant business and technology transformation programs. Amir most recently was with Travelers Business Insurance, where he served as Chief Operating Officer for the Business Insurance Operating Model Transformation Strategy, for Product and Platform, and served as the Platform Lead. In his roles, he was responsible for transformational strategies, planning, architecture, data, analytics, logistics, financials and delivery of strategic investments tied to the Operating Model Transformation and Products and Platforms initiatives. Amir holds an MBA from Lake Forest Graduate School of Management, and a master's degree in Computer Science from Northeastern Illinois University.

In The News:

INDUSTRY LEADERSHIP & AWARDS

Forbes names FTI Consulting to America's Best Management Consulting Firms List for third consecutive year

FTI Consulting was named to Forbes' list of *America's Best Management Consulting Firms* for the third consecutive year in 18 sectors and functional areas. The list was compiled based on a survey by Statista of 7,500 partners and executives of management consultancies, as well as 1,000 senior executives who had worked with the consultancies over the last four years. Respondents were asked to recommend firms based on performance across predetermined sectors and functional areas.



GLOBAL INSURANCE SERVICES COLLEAGUES RECOGNIZED FOR EXCELLENCE AS THEY CONTINUE TO EXPAND THEIR ROLES IN THE INDUSTRY

Recognized as Experts by Who's Who Legal - Insurance & Reinsurance:

- **Paul Braithwaite**, Senior Managing Director and Co-Leader, FTI Consulting - Global Insurance Services
- **Wendy Shapss**, Senior Managing Director and Co-Leader, FTI Consulting - Global Insurance Services
- **Jim Wrynn**, Senior Managing Director, FTI Consulting - Global Insurance Services
- **Ian Marshall**, Managing Director, Actuarial Group, FTI Consulting - Global Insurance Services

Lauren Cavanaugh, Managing Director, Actuarial Group, FTI Consulting - Global Insurance Services, and Chairperson of the American Academy of Actuaries' Property and Casualty Risk-Based Capital Committee, received the Academy's Outstanding Volunteerism Award.

Jim Toole, Managing Director, Actuarial Group, FTI Consulting - Global Insurance Services, and President of the Society of Actuaries' Latin American Committee, introduced the first SOA seminar in Brazil, *Introduction to Universal Life: The Basics and Beyond*.

Kelly Nickerson, Senior Director, FTI Consulting - Global Insurance Services, was named to Consulting Magazine's Rising Stars of the Profession 2018 list.

Robert Stewart, Director, Actuarial Group, FTI Consulting - Global Insurance Services, was appointed Vice President of Programs, Casualty Actuaries of the Southeast (CASE).

Special Advisory: Steps for Ensuring Your Captive Delivers the Benefits Desired

Captives continue to provide significant tangible benefits and a competitive edge in alternative risk financing, outperforming their counterparts in the commercial casualty sector.¹

However, the challenge is to ensure that captive solutions satisfy and align with business strategies and objectives, delivering forecasted benefits over the long term.

Below are steps we recommend to help ensure that client captives deliver the benefits desired.

1. THE RIGHT TEAM

Qualifying, assessing and ensuring the performance of captives requires a multi-disciplinary team. Teams must have deep insurance and other relevant industry experience and expertise in order to understand and identify issues and provide optimum advice and recommendations. Your team should include professionals with expertise and experience in actuarial, accounting, claims, legal, regulations, and business data and analytics.

2. THE RIGHT FOCUS

Align anticipated captive benefits closely with business strategy and objectives to achieve synergy and realize captive benefits. Typical desired outcomes include:

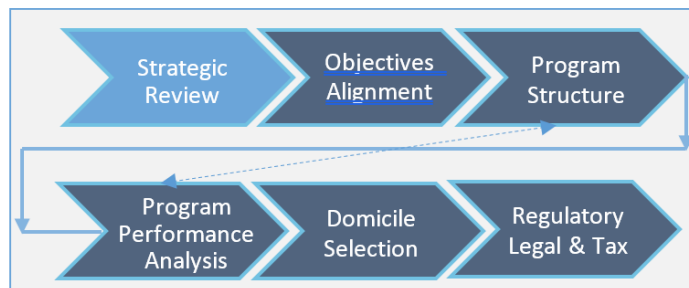
Financial

- Retained underwriting profits and investment income
- Long term cost reduction
- Improved cash flow
- Accelerated tax benefits
- Effective capital allocation

Risk & Operations

- Broader coverage options
- Greater program control
- Improved claims management
- Focused risk management
- Compliance

FIGURE 1



3. CONDUCT A THOROUGH FEASIBILITY STUDY

The Global Insurance Services feasibility study includes six critical phases as shown in Figure 1 above.

Phases 1 and 2 — Strategic Review & Objectives Alignment

Our strategic review is a high-level but comprehensive review with senior management that considers all aspects of alternative financing options (including excess coverage).

It takes into account our client's enterprise risk management program; the potential financial, operational, and strategic risks and exposures; the risk appetite of the board; claims experience; and the entity's business strategies and objectives.

The strategic review results in defining and aligning captive program objectives with business objectives, which informs selection of the type of captive and development of an initial program structure.

Phase 3 — Program Structure

The program structure takes into account findings from the strategic review, combined with the quality of services provided by the risk-sharing partner.

We find it especially important to focus on the services of the risk-sharing partner; such as certification of coverage and limits; reinsurance; loss control and mitigation; claims reserving, adjustment and oversight; risk management; underwriting and regulatory optimization and assistance.

Special Advisory: Steps for Ensuring Your Captive Delivers the Benefits Desired... continued

Phase 4 — Program Performance Analysis

This phase includes application of actuarial models, predictive analytics, financial analysis and pro formas to help validate assumptions and determine and improve performance of the program – both at program inception and for evaluation at future dates.

This is typically an iterative, data-driven process. It includes forecasting potential claims loss and liability exposure; reserve valuations; operational expenses; premium growth, projected financial pro formas and capitalization under different risk factors and operational and market condition scenarios.

This critical phase of the feasibility study provides management with pro formas under various scenarios that provide insights for informed decision making.

This phase also helps ensure optimum program performance, reliability and fulfillment of financial and operational objectives.

Phases 5 and 6 — Domicile Selection and Regulatory, Legal, and Tax

Selecting a domicile and addressing regulations, legal and tax requirements are often interrelated. Accordingly, we work in concert with regulators, counsel and designated accountants in selecting the domicile, preparing the application, and establishing policies, procedures and controls to ensure compliance.

RELATED CONSIDERATIONS

During the life of the captive, situations arise that may call for help in addressing matters such as:

- Risk management and claims loss control
- Expert testimony and litigation support
- Risk financing realignment – post M&A restructuring
- Runoff/Exit

FTI Consulting, Global Insurance Services experts have deep experience in helping clients address these challenges.

SUMMARY

Captives provide an attractive solution for alternative risk financing. Achieving the benefits of a captive depends heavily on completing a thorough feasibility study that is focused on aligning desired benefits with company strategies and business objectives; and on managing the captive to ensure effective performance. To achieve these objectives, it is often useful to engage a multi-disciplinary team with specific expertise and experience in addressing captive solutions.

¹See: "For The Rated Captives," featured in Best's Market Segment Report, August 6, 2018.

For further information on ensuring your captive delivers the benefits desired, contact:

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The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

As a leading independent advisor and consultancy to the insurance industry, Global Insurance Services helps clients identify opportunities and define strategies to manage risk, improve operational and financial performance, and drive growth.

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FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

About FTI Consulting

FTI Consulting, Inc. is an independent global business advisory firm, dedicated to helping organizations manage change and mitigate risk: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us on [Twitter](#) (@FTI_FLC), [Facebook](#) and [LinkedIn](#).

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