Canadian Captive Contender

Rob Walling, Principal and Consulting Actuary with Pinnacle Actuarial Resources, said the province of Alberta is demonstrating an encouraging, business-forward approach to captive insurance. Following are excerpts from an interview.

PINNACLE
ACTUARIAL RESOURCES

Rob Walling
Principal and Consulting Actuary,
Pinnacle Actuarial Resources

"Alberta's business-friendly approach is contributing to its success as a captive domicile."

Scan or click to watch an interview with Rob Walling.

Are you surprised at the pace of captive insurance adoption in Alberta?

I've been surprised and pleased by the pace of the growth in the domicile, but just as impressed by the relative smoothness of the growth. We've seen a number of new domiciles that stop and start, with regulators having trouble figuring out how to regulate captives, or captive managers going through growing pains. We haven't seen that here, as Alberta has seen fairly smooth and steady growth in captive formations.

What advantages does an onshore Alberta domicile offer?

Up until the passage of the Alberta captive law, most Canadian businesses that wanted to form a captive were looking offshore to Cayman or Barbados. There were a number of offshore domiciles that catered to Canadian businesses and tried to make it as easy as possible to do business there. But it's hard to replicate your home domicile. So, for Canadians, Alberta is simply offering less frictional cost and the ability to stay in country.

What's the regulatory environment like for captives in Alberta?

It reminds me of some of the U.S. domiciles that are very approachable by businesses and captive owners. I see a lot of what I'll call "negotiating to yes." Not approving everything as it comes in, but also not saying flat out "no." If the domicile sees a captive with good potential, they'll work with the captive manager, the captive owner, the actuary and the other involved parties to create a final product for approval that meets or exceeds regulatory muster. They are very much open to creative ideas in order to get the captive to fit the regulatory framework.

How is Pinnacle Actuarial Resources positioned to work with Alberta captives?

We take new domiciles quite seriously, and we work with both new captive managers that are setting up a new domicile and existing captive managers that we've had success with in an established domicile. The growth of the Alberta market and in Canada more broadly, has been exciting, and we've moved to contribute, long term, to that growth. In the spring, we formed a subsidiary, Pinnacle Actuarial Resources of Canada, specifically as our business in Canada. We think it's important to have a subsidiary in Canada to address the Alberta captive and the broader Canadian property and casualty insurance markets. We have also announced the acquisition of Bermuda firm Ordinance Holdings with the client renewal rights of Canadian actuarial firm Grape Bay Actuarial Consulting. We feel that having a Canadian presence through Pinnacle Actuarial Resources of Canada and serving this book of Canadian business into Pinnacle Actuarial Resources of Canada highlights our commitment to the domicile and the market, and we think it gives us a strong foundation for even more growth in Canada.