

Venture makes captives main course

'Captive University' in Vermont aims to promote industry

By RODD ZOLKOS
April 19, 2004

A collaborative venture between the Vermont Captive Insurance Assn. and the University of Vermont aims to meet the education and training needs of the captive industry and to promote the industry's growth.

The International Center for Captive Insurance Education has its roots in a 2002 survey of hundreds of captive industry professionals that led VCIA leaders to fear the industry faced a potential crisis.

The survey's results suggested that a lack of formal training in captive industry disciplines, coupled with high demand for skilled individuals created by rapid growth in the number of captives worldwide, threatened to stunt captive industry growth.

In addition, 90% of respondents said that a specific educational program—the framework of which was used for the ICCIE—was what the industry needed to avert such a talent shortage.

In response, the VCIA teamed with the University of Vermont to move forward with developing the ICCIE, or "Captive University," as some have called it. Scheduled for an Aug. 8 launch, the ICCIE will be a freestanding, nonprofit organization intended to benefit the captive industry both in Vermont and in other domiciles worldwide.

The ICCIE's offerings will include courses, seminars, teleconferences and Web conferences on captive industry topics ranging from captive basics to the most cutting-edge industry developments.

A comprehensive, nine-month certification program with extensive hands-on learning opportunities will be geared toward mid-level industry professionals. Each seminar will be offered as a half-day, classroom-based session or as an online class, with an online assessment following each course to ensure that the student has mastered the topic.

Among the areas of captive management to be covered in the courses will be captive formation, reducing risk financing expenses, captives as risk transfer mechanisms, the financial impact of captive insurance, captive retention management, reinsurance for captives and captive operations. An industry mentor will help guide each participant through the program.

Upon completing the coursework, program participants will be required to pass a certification test to obtain a professional designation.

Individual courses and teleconferences will be open to all captive industry professionals, and those not interested in pursuing certification will be able to take courses on an individual basis.

"We're fine-tuning and responding to the industry's needs continually," said Molly Lambert, president and chief operating officer of the Burlington, Vt.-based VCIA. The educational initiative is one way the association is working to meet those needs, she said.

"I think it's going to be a tremendous success," she said. "We have a wonderful advisory board that is doing the recommendations on the curriculum. We have a wonderful curriculum design group that is working with the University of Vermont's governing board."

"I think (the university is) going to be on board in a bigger and bigger way as we really get this thing launched," the VCIA president said. "It's a great partnership."

"The university's role is really to help develop the curriculum for this program," said Greg Dunkling, director of new business initiatives at the University of Vermont in Burlington. "We're kind of in the early stages of that now."

As part of that process, Mr. Dunkling and Ms. Lambert have been meeting with the state's largest captive management firms to ensure that the program is developed in line with the management firms' expectations.

"One of the challenges is that the expectation is that it will be an approximately 40-hour program," Mr. Dunkling said. "The front end of any curriculum design involves just making sure you've got the audience right, and that's part of our reason for meeting with the largest management firms in Vermont."

From the university's perspective, one important consideration is the needs of its own students and whether the school can "make available for our business school graduates programs that might serve as a ramp into the captive industry," he said. "And this program might actually do that."

The program also could benefit others in Vermont who might have the aptitude to fit a role in the captive industry but lack a formal accounting background, Mr. Dunkling said.

ICCIE leaders interviewed candidates for the program's executive director position in late March, intending to move quickly to fill the position.

Plans for the captive industry educational initiative call for start-up and initial operating expenses of \$400,000, with the ICCIE's business plan projecting that it will be self-sustaining after two years.

Raising the initial amount through major corporate gifts and donations from VCIA members, the ICCIE has generated more than \$200,000 in cash and gifts thus far.

Noteworthy is the backing of state officials, who have routinely supported the captive industry.

Vermont Gov. Jim Douglas "has recommended \$50,000 for our educational initiative in his budget," Ms. Lambert said. "I think it's a great signal for the state that they want to do everything to support the growth and excellence of the industry."