

Kane USA Director: New Sponsored Cell Captive Offers Risk-Management Tool

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As Kane Group Ltd. becomes the first to launch a sponsored cell captive in Vermont since legislation was updated allowing incorporated cells in the state, the managing director of Kane (USA) Inc. said they provide another tool to assist clients with risk management solutions.

It also gives the insurance manager a U.S. cell captive foothold, Elizabeth Steinman, managing director of Kane (USA) Inc., told Best's News Service at the Vermont Captive Insurance Association's annual conference. Kane already has sponsored cell captives in Guernsey, Bermuda and the Cayman Islands, Steinman said.

The new captive, called Kane (Vermont) SCC Inc., will allow participants to segregate their liabilities into one or more protected cells, which can be either incorporated or unincorporated (Best's News Service, Aug. 10, 2011). Interest in the new captive is strong, Steinman said.

Segregated cell captives, also called rent-a-captives, work well for smaller companies who lack the capital to start one, Steinman said. Under that umbrella, client companies can rent a cell to keep their risks, while saving on operational costs.

Vermont enacted a law earlier this year that allowed cells to be incorporated, which some industry observers said would give those companies greater legal protections. They say incorporating the cells builds stronger legal walls to separate the liabilities of the various cells within the captive.

Kane acquired HSBC Insurance Management earlier this summer for \$27.5 million (Best's News Service, June 1, 2011). The company fills "a clear gap in the market for an independent insurance manager," said Toby Foster, Kane's head of business development.

Kane now has about 120 professionals in offices in the U.S., Bermuda, Cayman Islands, Europe and the Middle East, Foster said. The company specializes in captive management, and manages about 100 cells, plus handles special purpose vehicles for insurance-linked securities, catastrophe bonds and side cars and also provides life, pension and investment administration services.

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