

The South Carolina Captive Insurance Association represents 140 of the state's captive insurance companies and actively promotes the business advantages there. Association President John Weitzel talked with Best's Review about the strengths of this domicile.

Q: What does South Carolina offer captives from a regulatory standpoint?

A. It was June 6, 2000 that the Governor signed the bill enabling the legislation and when it first formed the then director of insurance sent a message to his people that the captive movement was going to be different than traditional insurance, that they would be consultative in nature. They would find a way to say, "Well, maybe it won't work the way that you're talking about it, but have you thought about this approach?" That consultative and collaborative approach to regulation differentiates South Carolina from other domiciles.

Q: An important attribute of a captive domicile is support services. What does South Carolina have?

A. The domicile has significantly expanded. All of the major captive management firms now have an office in the state. We have reinsurance intermediaries; we have knowledgeable lawyers; we have a licensed actuary, investment managers who specialize in the captive industry; and CPA firms that do almost nothing but insurance work. South Carolina has matured as a service provider haven for the captive industry.

Q: Many of the programs South Carolina licensed last year were special purpose vehicles. What about that trend?

A. Special purpose vehicles are really the starting point for what's known as securitization captives. The large beneficiaries may be life insurance companies or investment bankers who are trying to form a captive to collateralize or securitize certain liabilities that can only be done through a captive mechanism. They tend to be relatively large transactions. South Carolina passed the legislation first and had somewhat of a monopoly in that field for a couple of years. These securitization transactions have been very good for our captive industry. Last year, South Carolina captives **wrote** between \$22 billion and \$23 billion premium on a gross basis--that's a substantial industry.

Q: How does the South Carolina Captive Insurance Association promote the growth of captives?

A. We attend industry trade shows, whether they happen to be risk management groups or the captive insurance association type of events. We exhibit at **these** as do other domiciles. We even go to some of the other domiciles' annual meetings and exhibit in their backyard and they do the same thing in ours. We've done **road** shows where we've gone in-state and out of state to audiences to try to explain to them what a captive insurance company is and what the benefits of formation are. This year for the first time we started placing ads **in trade journals** regarding the South Carolina domicile and why we think that it's a good domicile.