

Q&A with SCCIA President Jim Kinder

By W. Allen Taft

The South Carolina Captive Insurance Association has now passed its two-year milestone. For a view of its progress and its future prospects, I interviewed SCCIA President Jim Kinder.

Q. Looking back, it seems that the SCCIA has existed about as long as South Carolina has been a captive insurance domicile. How did that come about?

A. At Kinder and Associates, which has been in the association management business for 30 years, we have a very active antenna. When we learned of South Carolina's enabling legislation, we immediately contacted the Department of Insurance to learn whether an industry association would be welcome.

Q. Apparently the answer was yes.

A. From our first meetings with Ernie Csiszar (director of the Department of Insurance), it was clear that he understood the need for a strong, independent voice of the private sector. We couldn't have organized and progressed as we have without the support of the Department of Insurance.

Q. Did that support include more than just a pat on the back?

A. It was vitally important that the SCCIA get started with the involvement of key people in South Carolina, people that Ernie Csiszar introduced to us and have formed the backbone of our organization – people such as former Governor John West who has been so instrumental on our board.

Q. I have seen state industry associations that seemed to exist to argue with government. That hasn't appeared to have happened in South Carolina.

A. Of course, industry and government have their separate perspectives, which is healthy for the public interest. But when both sectors are committed to supporting an overall objective – in this case, making South Carolina the outstanding captive domicile – then the two sectors naturally tend to work more in partnership than in contention.

Q. And how has the working relationship proceeded?

A. I'll just say that in over 30 years of my experience with government organizations, this has been a very refreshing break. The state of South Carolina is moving fast into the twenty-first century. And along the way, the infrastructure is being built to survive any future shifts in the political environment.

Q. What would be an example of that?

A. The department followed through with its promise of separating the Alternative Risk Transfer Section (ARTS), which operates the captive domicile, from the main part of the Department of Insurance. They even took the extraordinary measure of establishing the ARTS team in Charleston offices separate from the department's headquarters in Columbia.

Q. What can we take from that movement?

A. It's a capsule of the department's philosophy that I summarize as doing what has to be done to meet the needs of customers, rather than what has to be done to meet the needs of the regulators. For example, this is the only state whose insurance regulatory agency has a director of business development.

Q. So the state takes more of a promotional stance than others?

A. Yes, but don't take that too far. The department is very serious and focused on its requirement to assure the financial integrity of companies that come under its regulation. The department's primary role is to protect consumers by making sure that companies have the financial ability to back up their promises. The department can be very tough, but at the same time you don't see a lot of bureaucratic micromanagement.

Q. Moving to the association, how does its role differ or support the department's role?

A. Of course, our primary objective is to promote the interests of South Carolina as a major player among domestic captive domiciles. We can contribute to a healthy and beneficial legislative and regulatory environment by connecting the private sector to the public sector. Our members generate ideas to bring to the government for consideration and implementation. And in the case of South Carolina, government is open to the private sector's contributions.

Q. After two years, what are some of the achievements of the association?

A. Number one, we're still in business. I don't say that lightly. Many associations don't make it through their first year. The greatest impetus to our momentum was support and encouragement by members of state government. This is one of the few associations that have been able to attract government leaders including Governor Jim Hodges to every one of our annual meetings.

The second achievement is terrific growth of our membership, including a healthy balance of captive insurance companies and service providers. I think our members have recognized a unique benefit in our association's affiliation with a national voice for ART in the Self-Insurance Association of America, headquartered in Washington and also managed by Kinder and Associates. Our members can stay aware of the latest government and business trends and also have access to thousands of companies in the self-insurance industry. In the same way, the reciprocal affiliation helps major corporations who belong to SIIA to become acquainted with the benefits of doing business in South Carolina.

Third, we have operated in the black, which is also unusual for new associations. Financially, we are the second largest captive domicile association, to Vermont – even larger than the Bermuda association.

Q. Any challenges lurking over the horizon?

A. The greatest challenge is competition. There is a sudden and definite interest among other states to establish captive insurance domiciles. Our challenge will be to keep South Carolina in

the forefront as the domicile with the most innovative and creative regulatory and business environment.

The state of South Carolina is well aware of this trend and is working aggressively to be a strong competitor. Economic development is one of the government's greatest priorities. The same kind of economic competitiveness that has resulted in the establishment here of major manufacturing facilities such as BMW, Bosch and Michelin works on behalf of the captive insurance industry, as well.

Q. If you had to pick one, what's South Carolina's greatest attribute?

A. I guess it's the fact that everybody who comes here loves the state. You know, they're not kidding with their slogan, "Beautiful Places, Smiling Faces." We've got a prime stretch of the Atlantic for all water sports, and our upland areas offer unlimited recreation. The state has more golf courses than any other, and for speed fans there's NASCAR racing at Darlington. And, of course, Charleston is one of America's historic treasures, with a gracious lifestyle that can't be duplicated anywhere else.

Q. If I were thinking about visiting here for SCCIA events, what dates would I need to save?

A. Our third annual meeting will be held December 4 through 6 at the Charleston Palace Hotel, which in my view is one of the premier hospitality facilities in the country.

On June 13, we have scheduled a half-day seminar on redomestication to South Carolina, where we will connect all the key players in one place, including the director of insurance. Companies will have access to all the legal, regulatory and legislative information they need, along with all the services they may require. This seminar is free to members and will be held at the Embassy Suites Hotel in Columbia, with an opening reception the evening of June 12 and the program through the morning of June 13. Both of these events are covered in detail on our web site, sccia.org.

Q. So, the early history of SCCIA appears to be one of success and progress.

A. With plenty more on the way, Allen.

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