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## **Del. looks to attract captive insurers**

By LESLIE A. PAPPAS

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The captive insurance specialists gathered Tuesday at the Hotel du Pont are the first to admit that most of the world does not understand what they do.

"I tried to explain it the other day to my mother," a speaker joked in the opening session of the Delaware Captive Insurance Association's second annual meeting. "She said, 'Captives? You're working with prisoners?'"

But captive insurance companies ("captives" for short) are serious business for Delaware -- at least, the Department of Insurance hopes they will be.

Captive insurance companies are created by a corporation, a group of corporations, or a group of individuals to self-insure when it is too expensive or impossible to find insurance elsewhere.

Doctors having trouble finding affordable medical malpractice insurance, for example, can band together and form a captive to insure themselves. Delaware's oldest captive, Nuclear Electric Insurance Limited, handles the insurance for about 80 nuclear utilities in the U.S., Belgium, and Spain.

Today, the 116 insurance brokers, bankers, attorneys, and company executives will gather for a second day of the two-day conference to explore how Delaware can attract a piece of this growing business.

"This is a huge market," said William P. White, the department's captive insurance program administrator. "It's in the billions of dollars on a worldwide basis."

Delaware has come late to the captive insurance game, and is competing with other states such as Vermont, which pulls in \$35 million to \$40 million in tax revenue every

year from about 800 captives licensed in the state. Attracting more captives would not results in hundreds of new jobs, but it would bring in tax revenue, licensing fees, and boost business for banks and other services in the state, White said. "This is more about funds than bodies."

Delaware currently has 10 captives, but hopes to attract more through its recently changed laws, which were updated in 2005 and again last summer.

Five Pointe Professional Liability Insurance Co., a captive that insures 15 hospitals and more than 2,000 physicians in Philadelphia's Jefferson Health System, relocated in June from the Cayman Islands after Delaware changed its captive insurance statute.

"Prior to this, we wouldn't have been able to come to Delaware," said Dianne Salter, senior vice president for insurance at Jefferson, who said the move made it much more convenient for her board members to meet and do business.

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