

Captive Spotlight: Elm Insurance Company



VCIA asked captive owner Michael Crasnick to tell us about his captive, Elm Insurance Company, and share his insight with others.

Michael will be featured as a panelist at the VCIA Road Show in Boston on November 15th. Be sure to join us if you are in the Boston area to hear more from Michael and captive owner Ellen Varney, VP of Finance for CRI-CO/RMF. **Registration is available on www.vcia.com!**

1. Describe your captive structure and what makes it unique.

Elm Insurance Company was formed in 1983 as Vermont's 12th licensed captive. Elm is a subsidiary of Electric Insurance Company®, a licensed personal and commercial lines insurance company that was established specifically to serve employees of General Electric® (GE®). While Electric Insurance's sole commercial lines insured continues to be GE, it now underwrites personal lines insurance inside and outside of the GE community. Electric Insurance is licensed in all 50 states and the District of Columbia, Canada, and the European Union.

Electric Insurance's commercial lines focus on the policies it underwrites for GE is to provide highly customized, cost effective, and expert claims handling services. Over the years, Electric Insurance has effectively used Elm to underwrite a number of intercompany facultative reinsurance contracts as well as specialty line policies requiring limited oversight. Elm continues to be an important alternative approach for Electric Insurance as it strives to meet GE's insurance needs.

2. What do you know now that you wished you had known when your captive was formed, and what would you have done differently?

Although I wasn't at Electric Insurance when Elm was formed in 1983, I can't think of anything I would have done differently. Electric Insurance personnel thoroughly researched the benefits and costs associated with the formation of a captive prior to making an informed decision.

3. For those smaller companies that may be thinking of forming captives, what wisdom would you offer?

For smaller companies, the decision to form a captive should never be made without undertaking a feasibility study to identify

the advantages, disadvantages, and costs. While Electric Insurance has successfully used Elm since 1983, that doesn't mean a captive will work in every situation. The feasibility study should compare the costs and benefits of forming and operating a captive with the costs and benefits of other alternative options. A key question in any study is where the captive insurance company should be domiciled. The options are much greater today than they were in 1983.

4. In the ongoing relationship with Vermont and your captive, what has made the biggest difference?

At the Vermont Captive Insurance Division, it's mainly the people. From the top on down, the service has been great. Elm is probably one of the few captives that have had the opportunity to work with all four commissioners, George Chaffee, Ed Meehan, Len Crouse, and now Dave Provost. They have always been accessible and willing to assist. I can't think of one time over the years when I contacted the Captive Insurance Division with a question that someone didn't respond promptly, accurately, and in a courteous manner. That type of service is extremely important.

About Michael:

Michael G. Crasnick, Vice President - Commercial Lines Underwriting, Electric Insurance Company®

Mike joined Electric Insurance Company®, Elm's parent, in 1991 as Vice President of Commercial Lines Underwriting. He started his insurance career with the Home Insurance Company in 1971 and later worked in risk management



Michael G. Crasnick

for several firms, including The Stop & Shop Companies, Computervision Corp., and Hasbro, Inc. Mike is a graduate of the University of Maine and has an MBA from Suffolk University. He has obtained the CPCU and ARM professional designations. When he's not working, Mike is an avid reader and sports fan. Being born and raised in New England, Mike enjoys following all of Boston's professional teams.