

CAPTIVE INSURANCE COMPANY REPORTS

New Jersey as a Domicile

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Editor's Note: Here's some news from an up-and-coming domicile, New Jersey. Partners **Carl Maio** and **Sandra Romaszewski** of the law firm of Fox Rothschild LLP set up a captive domiciled in New Jersey for a group of entrepreneurial owners of underground storage tanks. Your Editor interviewed Mr. Maio for details for your edification; he can be reached at camaio@foxrothschild.com.

CICR: *Why New Jersey for a domicile? It is not very prominent.*

CM: The owners of the parent company Fairway Enterprises LLC are all New Jersey residents, and there are lots of these sites in New Jersey. These are sites formerly owned by large firms that have sold them. The New Jersey captive folks are well experienced with sophisticated regulations. They are really professional and easy to work with. I believe that they currently have about 22 captives.

CICR: *What need for this coverage was seen beyond the usual service stations?*

CM: Many of these sites were owned and operated by large firms. New regulations, aging

tanks, and a changing business climate led them to divest these sites to small entrepreneurial businesses.

CICR: *What are the limits of the policies? Is there reinsurance?*

CM: The policy limit is \$1 million. There is reinsurance, but that is not public until January when the program initiates. The reinsurer is rated "A" by A.M. Best.

CICR: *How will the claims be handled and by whom?*

CM: The main adjuster is Marsh Management, with two local firms having considerable expertise in underground tanks assisting.

CICR: *Who owns this captive?*

CM: The ownership is Fairway Enterprises LLC, which is composed of New Jersey residents experienced in insurance and underground tanks.

CICR: *Will the coverage be expanded beyond CGL for the tanks?*

CM: That is not contemplated in the foreseeable future. We will stick to what we know.

CICR: *What is the capital? Is it at or above the domicile minimum?*

CM: The exact number is confidential, but it is above the state minimum.

CICR: *What are the risk management practices, and who will run them?*

CM: Marsh Management will handle the risk control aspects with help from the two local claims firms.

CICR: *Who are the eligible insureds?*

CM: The owners.

Your Editor is aware of only one other captive for underground tanks, a Vermont-based risk retention group. A new area of practice perhaps? ■

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