

RegenesiS Boardroom Review

Educates and
Empowers Boards to
Deliver Enhanced Value



Is Your Captive board performing to its fullest potential?

Across a wide range of business sectors corporate insurance is getting tougher and corporate risks are increasing. Reductions in market capacity, higher premiums, and more constrained terms are forcing companies to look at alternative risk financing strategies, including captives. A consequence of this is increased group scrutiny on captives as they become more significant in their role both strategically and financially.

One particular area seeing increased focus and challenge is the evaluation of the captive board's performance. Shareholders want to be sure that their captive's mission statement, strategy, core processes and activities are aligned with the group vision and its role within group strategy. With this in mind captive boards need to have clarity around key issues including:

- the critical core processes necessary to achieve the captive's fundamental purpose
- the measurement of progress towards the delivery of its vision and strategy, and its performance against appropriate KPIs
- the development plans for the captive to meet the challenges facing the group in the future

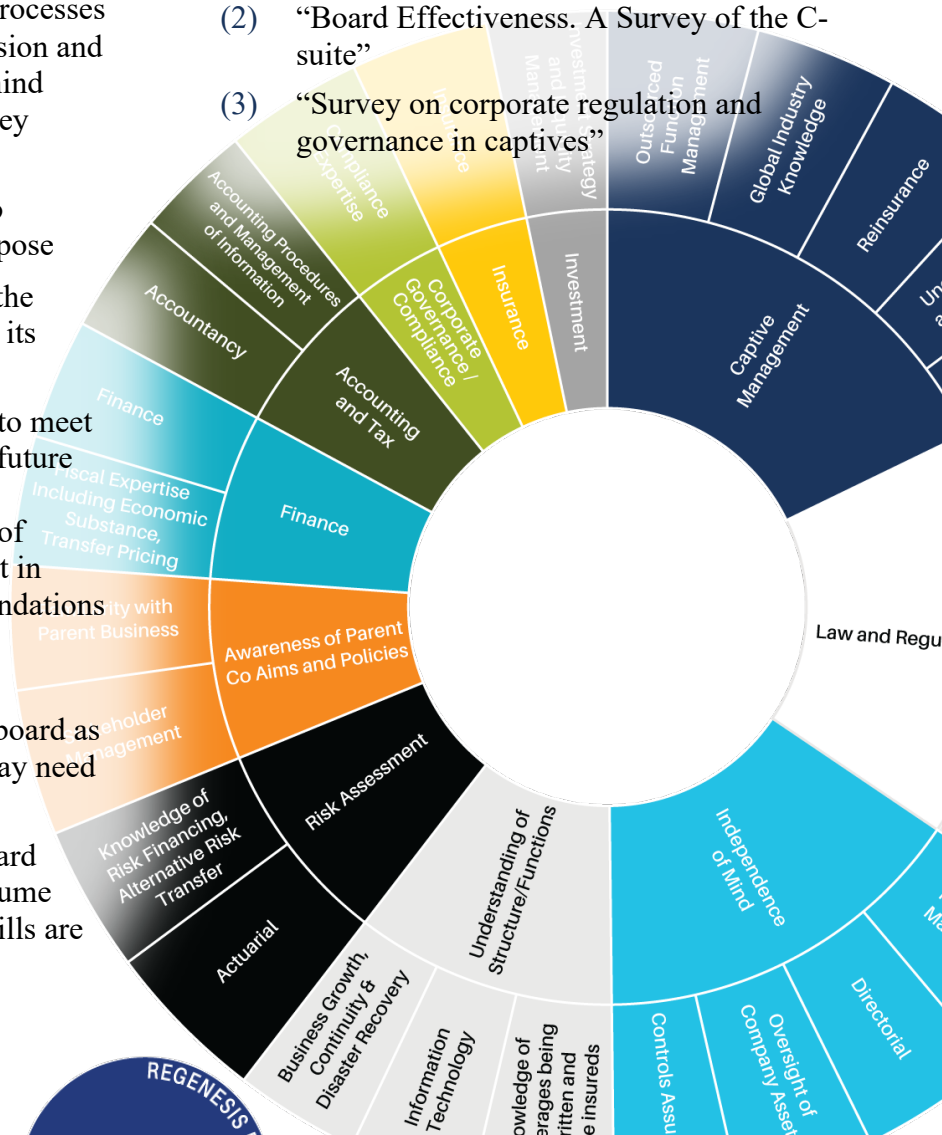
A recent review by PwC (2) found that half of management think that their board falls short in overall effectiveness. The report's recommendations included:

- Reassess board (and committee) self-evaluation process including how the board as a whole is adding value and areas it may need to improve or spend more time on.
- Focus on succession planning. The board should know where it is going and assume responsibility for determining what skills are needed in the future.

- Provide feedback to management as to how agenda, board papers and presentations could be improved so that it is easier for the board to fully engage.

Worryingly, a survey of captives by International Risk Management Institute and SRS (3) revealed that 77% of participants reported no annual board and committee evaluation processes.

- (1) The term "captive" is taken to encompass the range of alternative risk entities and niche (re)insurers
- (2) "Board Effectiveness. A Survey of the C-suite"
- (3) "Survey on corporate regulation and governance in captives"



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But how best to assess a captive board's performance?

The most common approach of solely undertaking a self-assessment by board members lacks robustness, objectivity and typically concentrates on inputs rather than outputs/outcomes which results in a fudged compromise that leaves all parties dissatisfied.

What is needed is a process that is simple, affordable and delivers verifiable results to enable the board to understand each facet of its performance and more importantly identify "Headroom" - areas that would most benefit from development.

In response to this need, Cutts-Watson Consulting Limited, in partnership with Thomas Welsh, an experienced business coach, have developed "Regenesis Boardroom Review" to enable boards to see what they do well and identify where opportunity exists for the captive to reach its full potential.

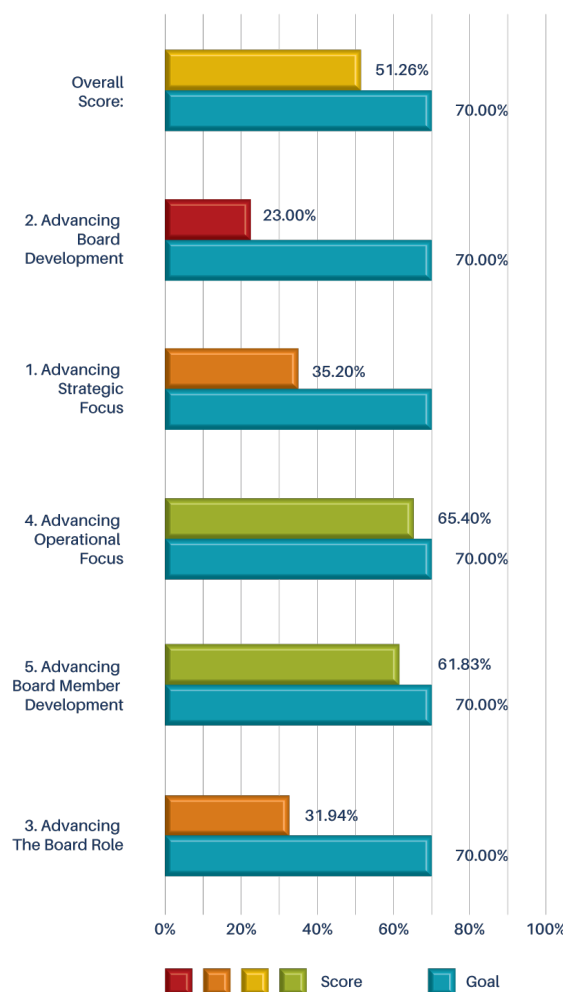
At its heart is an assessment tool that provides evidence-based output. It is not an onerous exercise - it requires the captive manager and company secretary to provide certain documentation and records, and board members to complete an on-line questionnaire. From this we create an insightful report identifying:

- core documentation
- collective board capabilities

- board declaration heatmaps (regulatory declarations and confirmations the board and individual members would feel comfortable making), and
- areas that we feel offer Headroom for development.

We offer a workshop to facilitate the exploration these opportunities by the board.

Example Report Output: Core Functionality



In addition, we provide "Building the Future", a development guide for board members as an aid to understand their roles, responsibilities and how to work together effectively to provide strategic leadership and governance of the captive.

So, what have we discovered following the launch of "Regenesis Boardroom Review"?

Feedback from captive boards to date validates the **Regenesis Boardroom Review** process as delivering:

- Enhanced strategic focus and clarity of purpose
- Improved board development
- Greater clarity of the board's role and the governance framework
- Better operational focus related to strategic objectives
- Stronger core documentation
- And, most importantly, Headroom

Please contact Malcolm to discuss your captive board's requirements.



Malcolm Cutts-Watson | Managing Director
March 2021



Contact Malcom or Thomas
for a discussion about what
will work best for your
Board

Malcolm Cutts-Watson
E: malcolm@cuttswatson.com
T: +44 (0) 7781 135 628

Thomas Welsh
E: regenesisis@regnesisworks.com
T: +44 (0) 7572 215 797

Cercle de Pierre, La Grande Rue, St Saviours, Guernsey. GY7 9PS