



AMERICAN SOCIETY OF  
**SAFETY PROFESSIONALS**

Connecticut Valley Chapter

## FEBRUARY

### MONTHLY OBSERVANCES

- Black History Month
- American Heart Month
- Marijuana Awareness Month
- National Cherry Month
- Burn Awareness (6th - 12th)
- Winter Olympics (3rd - 20th)
- Super Bowl Sunday (13th)

## OLYMPIC TRIVIA

- Luge is the fastest Winter Olympic sport with speeds reaching 90mph (144kph).
- Curling is named for the unique turning that occurs at the end of the stone's path on the ice.
- The only country to have won a gold medal at every Olympic Winter Games is the United States.
- The skeleton track at Beijing 2022 has the first ever 180 degree corner of any Olympic Winter Games.
- The Olympic Winter Games have never been hosted in the southern hemisphere.
- Liechtenstein is the only nation to win medals at the Winter Games but not at the Summer Games.
- The 5 Olympic rings are symbolic of the 5 continents.

## HEART HEALTH

### Heart Disease

- Heart disease is the leading cause of death for men, women, and people of most racial and ethnic groups in the US.
- 1 person dies every 36 seconds in the US from cardiovascular disease.
- About 659,000 people in the United States die from heart disease each year—that's 1 in every 4 deaths.
- Heart disease costs the United States about \$363 billion each year from 2016 to 2017. This includes the cost of health care services, medicines, and lost productivity due to death.

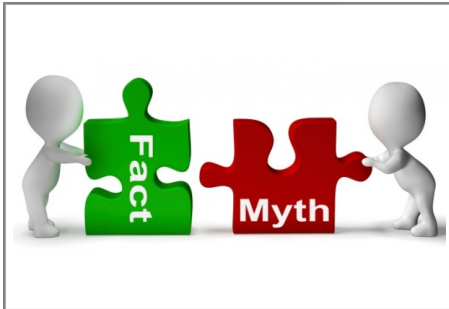
### Coronary Artery Disease (CAD)

- Coronary heart disease is the most common type of heart disease, killing 360,900 people in 2019.
- About 18.2 million adults age 20 and older have CAD (about 6.7%).
- About 2 in 10 deaths from CAD happen in adults less than 65 years old.

### Heart Attack

- In the US, someone has a heart attack every 40 seconds.
- Every year, about 805,000 people in the US have a heart attack.
- Of these, 605,000 are a first heart attack. 200,000 happen to people who have already had a heart attack.





## Burn Myths

**Myth 1: The colder the water, the better.** False. While administering running water to a burn for 20 minutes is the best first-aid advice, it should be cool water – not freezing cold.

**Myth 2: If a burn isn't painful it doesn't need medical attention** False. Third degree burns may be less painful than more minor burns because the sensory fibers in the skin have been destroyed by the burn. While first-degree burns are the least severe, third-degree burns are the most severe and may cause the skin to appear white or leathery.

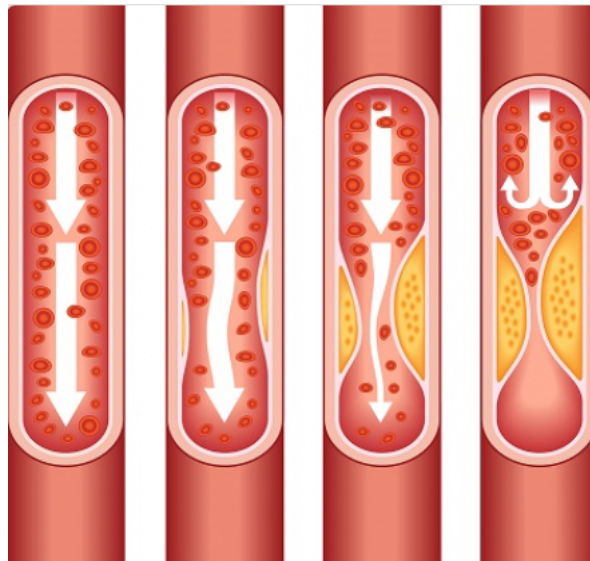
**Myth 3: Covering a burn with a clean towel is a good idea** False. Covering a burn is a good idea – but not with a towel. One of the greatest enemies to a burn wound is infection because that can cause the burn to deepen and – in large burns – can even cause death.

Stay away from old wives tales such as applying butter or burn gel to a 2nd or 3rd degree burn.

- About 1 in 5 heart attacks is silent—the damage is done, but the person is not aware of it.

- Heart disease is the leading cause of death for people of most racial and ethnic groups in the United States, including African American, American Indian, Alaska Native, Hispanic, and white men. For women from the Pacific Islands and Asian American, American Indian, Alaska Native, and Hispanic women, heart disease is second only to cancer.

- High blood pressure, high blood cholesterol, and smoking are key risk factors for heart disease.



- Several other medical conditions and lifestyle choices can also put people at a higher risk for heart disease, including:

- Diabetes      - Overweight and obesity      - Unhealthy diet
- Physical inactivity      - Excessive alcohol use

## What is Captive Insurance?

A "captive insurer" is generally defined as an insurance company that is wholly owned and controlled by its insureds; its primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting profits.



These points do not clearly distinguish the captive insurer from a mutual insurance company. A mutual insurance company is technically owned and controlled by its policyholders. But no one who is merely a mutual insurance company's policyholder exercises control of the company. The policyholder may be asked to vote on matters requiring policyholder action. But this usually means that the policyholder will be presented with a proxy and advised by the board that runs the company as to how to exercise its vote. As soon as the insurance ceases, so does the policyholder's ownership status. The policyholder has not invested any assets in the insurance company and does not actively participate in running it.

Captive insurance is utilized by insureds that choose to:

- put their own capital at risk by creating their own insurance company,
- working outside of the commercial insurance marketplace,
- to achieve their risk financing objectives.

Reviewing these three essential features of captive insurance will help to clarify the nature of a captive insurance company.

## Captive Insureds Put Their Own Capital at Risk

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Any insured who purchases captive insurance must be willing and able to invest its own resources. The insured in a captive insurance company not only has ownership in and control of the company but also benefits from its profitability.

A policyholder in a mutual insurance company is theoretically entitled to receive dividends if the company makes a profit. In reality, however, mutual insurance companies generally accumulate rather than distribute their surplus.

## Types of Captives

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Captive insurers fall into two main groups.

Pure captives: captive insurers that are 100 percent owned, directly or indirectly, by their insureds.

Sponsored captives: captives owned and controlled by parties unrelated to the insured.

### *Pure Captives*

The term "pure captive" is generally used to describe captives insuring only the risks of their owner or owners. Single-parent captives have only one owner. Group captives have multiple owners.

A group captive is formed by a group of individuals or entities that come together to jointly own a captive insurance company. Industrial insured group-owned captives typically insure only insureds in the same industry group, or with homogeneous risk, which creates group buying power and other risk management efficiencies.



Another kind of group-owned captive allows a group of insureds from entirely different industry groups to own a captive jointly. This type of heterogeneous group captive may be a reinsurance pool, formed to create underwriting capacity through the pooling of risk. A reinsurance pool does not provide direct insurance. It reinsures either the captives of its owners or the admitted insurers that issue policies to the pool's owners. The group captive or pool may also provide other risk management services for the group.

### *Sponsored Captive Insurers*

Sponsored captive insurers, sometimes referred to as "nonowned" or "nonaffiliated" captives, have many of the same elements as a pure captive insurer. The insureds are required to put their capital at risk, risks are financed outside of the commercial regulatory environment, and the purpose is to achieve the risk financing objectives of the captive's insureds. However, a sponsored captive is not formed by its insureds—known as "participants," and a sponsored captive does not necessarily pool its insured's risks.

A sponsored captive may be set up by an insurance industry-related entity to be used by its clients, or there may be no previous connection between the sponsor and the participants. The sponsor contributes the captive's statutory capital (sometimes called core capital). Many sponsored captives do not require insureds to pay in capital, but simply to pay an access fee. These are sometimes referred to as "rental captives."

A sponsored captive does not necessarily pool the risks of its insureds. It may keep a separate underwriting account for each insured participant. In some domiciles, these accounts are legally separated or protected, and the term "cell captive" is used, meaning that the assets in one participant's account may not be used to pay liabilities in another unless the respective participants have entered into an agreement to do so.

This is a key difference between a pure group captive and a sponsored captive. The sponsored captive can be structured to maintain legally separate underwriting accounts, whereas an insured that is a member or owner in a pure group captive shares risk with the other captive insureds.

Insureds who are shareholders or members of an industrial insured group captive have to contribute capital to access the captive insurance program, and their capital is at risk based on the performance of the group as a whole. In a sponsored (rented) segregated cell captive, each participant's risk capital is typically only exposed to the risk of its own underwriting performance.

If required under domiciliary law, the sponsor's core capital may be at risk. This would mean that if one insured becomes bankrupt or otherwise defaults on its obligations, producing an insolvent cell or underfunded underwriting account, liabilities of the cell would become liabilities of the sponsor. In domiciles that do not have the legal requirement that the sponsor's core capital is at risk, the cell participant may be required to sign an agreement that losses paid under policies issued or reinsured by the captive are limited to the assets in the participant's cell.

Sponsored captives may be used by insureds that are too small to own their own captives. The captive cell program acts like an incubator for these small insureds to begin a captive program. When sufficient



surplus has been accumulated, an insured has the option of using those funds to set up its own pure captive insurance company.

A captive insurer may be formed by an association for the benefit of its members. Does this make it a "sponsored captive"? Not exactly! The association captive is "pure," meaning that it insures only the risks of its owners. The sponsoring association may contribute 100 percent of the required capital, but since the association is owned by its members, its members indirectly own and have voting control over the captive insurance company.

## Summary

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In some ways, a captive insurance company resembles a mutual insurance company. However, the owner(s) of a captive place their own capital at risk, and they directly control their insurer. Captive insurance company owners are willing to risk their own capital in anticipation of the financial rewards associated with better control over their insurance program. These include broader coverage, stabilized pricing and availability of insurance, and improved cash flow.

Pure captives are owned by their insureds, while sponsored captives are owned and controlled by unrelated parties. Pure captives include both single-parent captives and group captives. Sponsored captives include rental captives and cell captives.

## CAPTION CONTEST

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Join Us! The object of the contest is to write the funniest "safety related" caption to accompany the Safety Photo of the Month.

The winning entry for February belongs to Donald Garner: "DANGER: Falling Snow and Worker Zone". Thank you for your humor.





The February photo in need of a caption is:



Submissions should be emailed to Laura Casey and place “Caption Contest” in the subject : [casey@safeconsolutions.com](mailto:casey@safeconsolutions.com)

## **Liz’s Safety Corner**

Hello fellow Connecticut Valley Chapter members! February is here, and we were able to weather the end of January with our first major snow storm! Hope you all stayed safe and warm!

January was a quiet month for us, but we have multiple events planned for February by both the Western Mass Section and multiple joint meetings with our neighboring chapters!

On February 1st, at 12pm CST the final House of Delegates meeting for the year will occur for Society. Please feel free to visit House of Delegates ([assp.org](http://assp.org)) for more



information on what our chapter will be voting for, and what is to come for the remainder of the year.

In addition to local chapter news, ASSP will be holding Safety Focus 2022 in Phoenix, AZ from February 21-25, 2022 in person and February 28th- March 4th Virtually. For more information please visit Facts | SafetyFOCUS 2022 ([assp.org](https://assp.org)).

As well, remember to favorite and tab <https://ctvalley.assp.org/event/> to register for local events. Also, keep an eye on your email for new events! If you would like to lead a meeting and speak on a topic to help your fellow CT Valley members, please reach out to me at [president@ctvalley.assp.org](mailto:president@ctvalley.assp.org).

We are looking for people who want to be more involved in the chapter. If you are interested in getting involved and helping to make a difference in the chapter, please reach out to me at [president@ctvalley.assp.org](mailto:president@ctvalley.assp.org).

Elizabeth Velky; CLCS, RRE Chapter President

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