



**Hodgen Mainda,
Tennessee's new
insurance commissioner,
reveals his plans for the state's
captive insurance industry**

**Make way for
the new Tennessee
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Hodgen Mainda, the new Tennessee insurance commissioner, says that the Volunteer state's infrastructure allows it to capitalise on the opportunities that will arise from innovations that are redefining the insurance industry

Hodgen Mainda, Insurance commissioner for the Tennessee Department of Commerce & Insurance.

Commissioner Hodgen Mainda was appointed by Governor Bill Lee to lead the Department of Commerce and Insurance starting on 1 October 2019. Mainda previously served as vice president for community development at the Electric Power Board (EPB) in Chattanooga.

In addition to his work with EPB, Mainda served on several non-profit boards including the Chattanooga Area Chamber of Commerce, the Downtown Chattanooga Rotary Club, the United Way of Greater Chattanooga, the University of Tennessee at Chattanooga Chancellor's Roundtable and the College of Business Advisory Board.

Mainda is also a member of the Leadership Tennessee Class of 2019 and a 2018 graduate of the Harvard Business School Young American Leaders Programme.

A native of Nairobi, Kenya, Mainda moved to Tennessee in 1997 to study at Middle Tennessee State University.

He is a graduate of the University of Eastern Africa. He is married and has two small children.

Congratulations on your new role. As the new insurance commissioner in Tennessee, what ambitions do you have?

Thank you. I am grateful to Governor Bill Lee for the opportunity to lead the department. As commissioner, it is exciting to be part of a team that has made Tennessee an award-winning captive domicile with captive insurance companies exceeding \$1.4 billion in annual premium deposits. My ambitions include continuing the Volunteer State's growth into an international economic leader.

The state's governor, commissioner, general assembly and business community have worked together in previous years to create high levels of growth for the captive insurance industry, how are you working with the captive industry to ensure this level of growth continues?

Collaboration has been key to Tennessee's success as an innovator among domestic captive domiciles. We will continue our work with federal, state and local elected leaders. In addition, Tennessee has a unique, collaborative relationship



with the Tennessee Captive Insurance Association, which provides access to service providers and representation for companies forming captives.

Our focus on partnerships has resulted in Tennessee being ranked the seventh-largest captive domicile in the US and ninth-largest globally among those domiciles that companies first think about when looking to establish a domicile.

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One of the unique advantages of Tennessee is our ability to allow a licensed

captive insurance company to form cell companies within the structure, with each cell writing distinct insurance policies.

Known as protected cell captive insurance companies, this feature has led to the formation of numerous cell companies within Tennessee, each one representing a risk-bearing entity. I am planning to keep in mind what has worked to accelerate this growth since Tennessee's regulations were revamped in 2011.

Tennessee has continually worked to improve its captive insurance statute. Recent regulatory improvements included a one year tax holiday for alien captives redomesticating to Tennessee, a dormancy provision, and permitting premiums and claims to be denominated and paid in foreign currencies. I plan to work with the governor, industry and my staff to ensure our enabling legislation stays current.

Our current framework has attracted a diversified platform of captives across a spectrum of industries including, the Hospital Corporation of America, International Paper, Nissan Motors and Pinnacle Bank. But I am aware that there are many more great companies, both within and outside of the state, that could create a captive in Tennessee and I am anxious to work with these companies.

How important is the captive insurance industry to the state of Tennessee? What opportunities does it create?

As an industry, captive insurance has created an estimated economic impact of over \$692 million in Tennessee through direct and indirect spending related to new jobs, investments, and deposits, according to a recent study. It's created over 100 white-collar jobs in Tennessee (captive managers, actuaries, attorneys, certified public accountants) and annual direct spending of over \$30 million in

annual direct spending and over \$830 million in direct capital investment.

Looking ahead, Tennessee is poised to have our captive insurance section at the cutting edge of insurance. Our infrastructure will allow us to capitalise on the opportunities that will arise from insurtech, telematics, artificial intelligence, and other innovations that are redefining the insurance industry.

What are captive figures looking like for 2019, are you expecting a good year? What do current figures stand at?

As of 2 October, Tennessee has 190 captives, 457 cells, and 647 risk-bearing entities. Based on the growth we're experiencing, we expect an upward trajectory.

During 2019, the marketplace has repeatedly indicated that insurance renewals have begun to skyrocket. This is typically a very good sign for increased captive applications. Interest in Tennessee captive formations will increase from this trend so we do expect a very good year.

What will Tennessee be working on in terms of captive insurance over the next 12 months?

I see an opportunity for better collaboration, bringing in external stakeholders who will assist with marketing Tennessee as the premier captive domicile. Our legislative session does not begin until after the first of the year so it is too early to speculate about any legislative changes. Legislators get ideas for legislation from many different sources, including the TCIA, reviewing other states' laws, and industry proposals. Our department wants to be fair and balanced in reviewing any ideas and has a customer-focused vision that carries over to all our divisions. ■