

Written Testimony of Ryan Ralston
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Senate Committee on Financial Institutions and Insurance hearing concerning the proposed
House Bill 2334 by Representative Tarwater to amend the State of Kansas regulations on
“Captive Insurance.”

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300 S.W. 10th Ave, Rm 546-South, Topeka, Kansas

Chairwoman Senator Brenda Dietrich, Vice Chair Senator Michael Fagg, Ranking Member Senator Marci Francisco and the Committee, thank you for the invitation to submit testimony to the Committee on HB 2334 submitted by Representative Tarwater to amend the State of Kansas regulations on “Captive Insurance.” I am here to urge the Committee to approve this Bill which should better equip Kansas to compete as a domicile for captive insurance.

My name is Ryan Ralston, I am the President of Elevate Risk Solutions and live in Wichita, Kansas. I have spent my career in risk management, building, using and managing captive insurance companies. In my risk manager days, I worked for The Boeing Company, Whirlpool Corporation, ICM Inc. and Koch Industries. At each company, I either ran an existing captive or built one or two to help manage the company’s risk. I also built the first and largest group captive for the ethanol industry, as well as a few captives for agriculture clients and insurers, many who reside in the great state of Kansas. Regrettably, not once did we consider Kansas as a viable captive domicile, due to the current captive regulations.

I now serve as President of Elevate Risk Solutions. We consult on and manage captives for a variety of clients across the U.S., where it is estimated that there are some 6,000 captives writing \$30B+ in insurance premiums¹. We serve a small fraction of this pool. However, this market is growing 15-20% per year and over the next 10 years, it is estimated that 25-30 percent of global insurance premiums will be paid to captives (well over \$100B). In the U.S., Vermont is the largest captive domicile with 690, with another 30 states marketing themselves as the “preferred” captive domiciles for one reason or another.

In August last year, Representative Tarwater approached Elevate about teaming up to build the first Property and Casualty captive in Kansas. That process taught us a lot about what needed to change in the Kansas state regulations to become a viable captive domicile. By expanding the state’s captive insurance regulations, we hope to enable additional captive

¹ Captives Insure “2024 Captive Growth Exceeds Expectations” January 7, 2025

formations which can serve to strengthen our local economy, improve the availability of affordable insurance coverage, and will better position Kansas in the evolving insurance landscape.

About Captive Insurance

Captive insurance provides a valuable tool for businesses and organizations to manage risk and reduce costs in ways that traditional insurance markets cannot. Captives allow companies to maintain necessary insurance while directly benefiting from their investment in safety and loss control. Captives function as a strategic tool to implement risk management standards, performance measures, and align risk tolerance levels across an organization.

Why This Bill Matters:

- **Economic Growth:** Captive insurance companies allow businesses to retain more control over their risk management and insurance policies, leading to cost savings that can be reinvested into the local economy. By expanding regulations, we open the door for more companies to form captives here, creating jobs and increasing tax revenue.
- **Flexibility and Innovation:** As industries become increasingly complex, captive insurance can provide innovative solutions to address risks that may not be covered by traditional insurance. Expanding our regulations ensures that we can keep pace with industry trends and continue to meet the unique needs of policyholders, particularly in industries like healthcare, manufacturing, and energy.
- **Enhanced Risk Management:** By providing businesses with more regulatory options, we enable them to better manage their risks, often at a lower cost than purchasing traditional commercial insurance. This leads to greater stability for businesses and can help mitigate the financial impact of unexpected events.
- **Increased Stability in Insurance Markets:** By allowing businesses to form their own insurance companies, we create a more stable and diversified risk pool, which can help insulate businesses from the volatility that often characterizes the commercial insurance market.
- **Keeping Business at Home:** Today, Kansas companies look outside the state to build captive solutions. This Bill will help ensure that Kansans have a home state alternative to compete with other domiciles.

Conclusion: This bill is an opportunity to modernize and expand our state's insurance regulatory framework in a way that benefits both the business community and the broader economy. By providing a clear and predictable path for businesses to establish and operate captive insurance companies, we can unlock significant economic benefits, create jobs, and increase the competitiveness of our state.

I respectfully urge the members of this committee to support this bill and take this important step toward strengthening our state's position as a leader in the insurance industry.

Thank you for your time and consideration. I am happy to answer any questions you may have.