ISSUE #1
THIRD QUARTER 2026

NOVA QUARTERLY

Insights on Risk, Strategy, and Business

INSIDE THIS ISSUE

PUBLISHED QUARTERLY BY
NOVA INSURANCE COMPANY
GRAND CAYMAN, CAYMAN ISLANDS

WWW.NOVAINSURANCECOMPANY.COM
CLIENTS@NOVAINSURANCECOMPANY.COM
+1 305-686-9112

Letter From the CEO

Welcome to Nova Quarterly: Insights on Risk, Strategy & Business

NOVA INSURANCE COMPANY · GRAND CAYMAN, CAYMAN ISLANDS

Today's business environment is more dynamic and interconnected than ever before. Organizations are navigating evolving regulations, cybersecurity threats, economic uncertainty, supply chain disruptions, workforce challenges, and rapidly changing customer expectations. As these risks continue to evolve, so too must the strategies businesses use to manage them.

At Nova Insurance Company, we believe insurance should be more than an annual renewal or a necessary business expense. When approached strategically, risk management becomes a powerful tool that helps organizations protect their assets, preserve capital, strengthen resilience, and confidently pursue long-term growth.

The purpose of this publication is simple: to provide practical insights that help business owners, executives, advisors, and decision-makers think differently about risk. Rather than focusing solely on insurance products, we aim to explore the broader role that strategic risk management plays in building stronger, more resilient organizations.

Inside this issue, you'll find discussions on transforming insurance into a strategic asset, recognizing when a business has outgrown traditional insurance, understanding captive insurance companies and Segregated Portfolio Companies, and evaluating emerging business risks that every leadership team should consider.

Whether you're reviewing your organization's current insurance strategy or simply looking for fresh perspectives on enterprise risk, we hope these insights encourage meaningful conversations within your leadership team.

Thank you for taking the time to read the first edition of Nova Quarterly. We appreciate the opportunity to share our perspective and look forward to continuing the conversation in future editions.

Sincerely,

Menachem Mendel Davis
Chief Executive Officer

ARTICLE 01 · EXECUTIVE INSIGHT

Turning Insurance Into a Strategic Asset Instead of an Expense

RISK AS A BOARDROOM CONVERSATION

> **"The organizations that thrive over the next decade won't simply manage risk better. They'll use risk management as a competitive advantage."**

For decades, insurance has been viewed as a necessary cost of doing business. Policies are renewed annually, premiums are negotiated, coverage limits are adjusted, and the expense is built into the operating budget. For many organizations, insurance has become a routine administrative function rather than a strategic business discussion.

That approach was appropriate when business risks were relatively predictable.

Today's environment is different.

Organizations face cybersecurity threats, supply chain disruptions, workforce shortages, economic uncertainty, regulatory change, reputational exposure, and rapidly evolving customer expectations. A single event can interrupt operations, strain cash flow, damage customer confidence, and delay long-term growth.

In this environment, insurance should no longer be viewed simply as protection against loss.

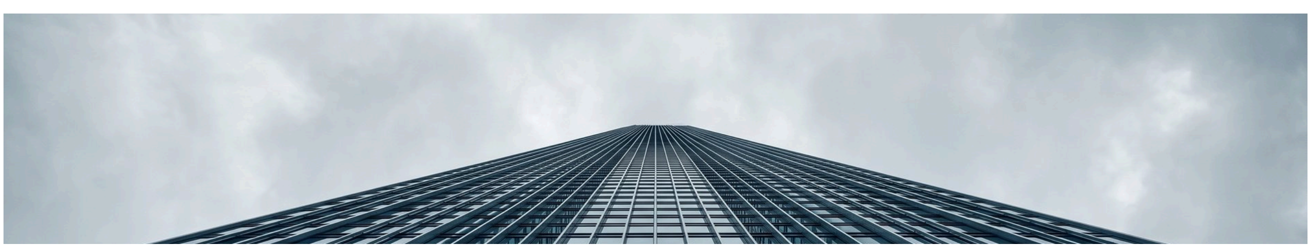
It should be viewed as a business strategy that supports resilience, preserves capital, and enables growth.

The conversation is no longer about how much insurance costs.

The better question is, "How does our risk management strategy support where our business is going?"

EXECUTIVE TAKEAWAY

Organizations often spend years refining their operations while rarely reassessing whether their risk management strategy has evolved alongside the business. Growth should trigger a conversation about strategy—not simply a policy renewal.



STRATEGY OVER RENEWAL · A LONG-TERM VIEW OF RISK

ARTICLE 02 · STRATEGIC PLANNING

Five Signs Your Business Has Outgrown Traditional Insurance

Growth is one of the clearest indicators of a healthy organization. Revenue increases, new employees are hired, operations expand, and leadership begins focusing on long-term strategy rather than simply managing day-to-day operations. Yet while businesses evolve, their insurance strategy often remains unchanged.

Traditional insurance continues to serve as the foundation of a strong risk management program. However, as organizations become larger and more complex, leadership should periodically evaluate whether their approach to managing risk has evolved alongside the business.

> **"Growth doesn't just change the size of a business. It changes the way that business should think about risk."**

Five Signs It May Be Time to Reevaluate Your Strategy

1. **Your business is more complex than it used to be.**

   Expansion into new markets, acquisitions, additional locations, or a growing workforce often introduce new operational and financial risks.

2. **Your greatest risks extend beyond traditional insurance.**

   Cybersecurity, supply chain disruption, regulatory change, reputational exposure, and customer concentration have become boardroom conversations for many organizations.

3. **Risk management has become a leadership discussion.**

   Boards, lenders, investors, and major customers increasingly expect organizations to demonstrate a thoughtful approach to enterprise risk—not simply maintain insurance policies.

4. **Rising insurance costs are driving bigger questions.**

   Leading organizations eventually shift the conversation from "How do we reduce premiums?" to "How do we create a smarter long-term approach to managing risk?"

5. **Leadership is planning beyond the next renewal.**

   Executive teams begin asking whether their insurance strategy reflects today's business, supports future growth, and aligns with their long-term objectives—not simply whether it satisfies annual renewal requirements.

ONE QUESTION WORTH ASKING

"If our leadership team spent one hour discussing risk today, would the conversation focus only on insurance policies—or on the future of the business?"

ARTICLE 03 · EXECUTIVE GUIDE

What Is a Captive Insurance Company and Who Should Consider One?

For decades, businesses have relied on traditional insurance to transfer risk. As organizations grow, however, many begin asking a different question: is there a more strategic way to finance and manage certain business risks?

For qualifying organizations, that conversation often leads to exploring a captive insurance company—a licensed insurance company established primarily to insure the risks of its owner or affiliated businesses.

Unlike traditional insurance, captive insurance isn't designed to replace commercial coverage. Instead, it often works alongside an organization's existing insurance program as part of a broader, long-term risk management strategy.

CAPTIVE INSURANCE AT A GLANCE

QUESTION	ANSWER
What is it?	A licensed insurance company established primarily to insure the risks of its owner or affiliated businesses.
Purpose	To provide a more strategic and customized approach to financing selected business risks.
Does it replace traditional insurance?	No. It often complements traditional commercial insurance.
Who explores it?	Organizations with growing operations, increasing complexity, and a long-term approach to risk management.

NOVA INSIGHT

Evaluating a captive often changes more than an organization's insurance strategy—it changes the way leadership thinks about risk across the entire business.

Before evaluating any alternative risk solution, leadership should consider:

- Has our organization reached a level of complexity where a captive should be evaluated?
- Are there exposures that may benefit from a more customized approach?
- Which risks are best managed through traditional insurance?
- Does our long-term business strategy support evaluating alternative risk solutions?

The strongest organizations don't begin by choosing a structure—they begin by understanding their business, defining their objectives, and asking the right questions.

ARTICLE 04 · STRATEGY BRIEF

Segregated Portfolio Companies Explained in Plain English

As businesses grow, so do their risks. Operations become more complex, regulatory obligations expand, and leadership teams begin making decisions that carry greater financial and operational consequences.

Traditional insurance continues to provide an effective foundation. Other organizations eventually reach a point where they begin exploring more customized strategies.

One of those strategies is a Segregated Portfolio Company (SPC).

An SPC allows qualifying organizations to participate within an existing licensed insurance company while maintaining their own legally segregated portfolio—leveraging an established structure rather than building an entirely new insurer.

COMPARING YOUR OPTIONS

	TRADITIONAL INSURANCE	STANDALONE CAPTIVE	SEGREGATED PORTFOLIO COMPANY
Structure	Commercial insurance carrier	Independent licensed insurance company	Portfolio within an existing licensed insurer
Customization	Standard commercial policies	Highly customized	Customized within an established framework
Administration	Managed by the carrier	Managed by the organization	Shared infrastructure and administration
Ideal For	Most businesses	Organizations seeking maximum control	Organizations seeking flexibility with reduced operational complexity

A Segregated Portfolio Company isn't an insurance product, nor is it the right solution for every organization. The most successful organizations don't choose an SPC because it's innovative—they choose the approach that best aligns with their business objectives, supports long-term growth, and provides the flexibility needed to manage risk with confidence.

BOTTOM LINE

The conversation shouldn't begin with, "Should we form an SPC?" It should begin with, "What is the most effective long-term strategy for financing and managing our organization's risks?"

ARTICLE 05 · EXECUTIVE RISK REPORT

The 10 Business Risks Traditional Insurance Often Overlooks

For generations, businesses have relied on insurance to protect against tangible losses—property damage, liability claims, workplace incidents. Those protections remain essential.

But volatility, supply chain shocks, cyber threats, regulatory change, and reputational events can affect an organization long before a policy is ever triggered.

EXECUTIVE RISK SNAPSHOT · 01–10

FINANCIAL

01 Economic Downturn

Inflation, recessions, rising rates, and tighter credit pressure revenue, cash flow, and growth long before any policy responds.

FINANCIAL

02 Customer Bankruptcy

The distress of a major customer affects more than unpaid invoices—revenue projections, staffing, and planned investments all shift.

OPERATIONAL

03 Supplier Bankruptcy

Losing a critical supplier interrupts production, raises costs, and delays deliveries. Know where those dependencies sit beforehand.

OPERATIONAL

04 Supply Chain Disruption

Shipping delays, outages, geopolitical events, and labor shortages interrupt operations even when the business itself is healthy.

HUMAN CAPITAL

05 Loss of a Key Employee

The departure of a critical executive, specialist, or producer disrupts revenue, relationships, and institutional knowledge.

CONCENTRATION

06 Loss of a Key Customer

Dependence on one or two accounts concentrates risk; losing one materially affects revenue, cash flow, staffing, and growth plans.

LEGAL

07 Business Litigation

Even a case you win creates legal costs, management distraction, and disruption well beyond a judgment or settlement.

REGULATORY

08 Regulatory Change

New regulations, compliance requirements, and administrative actions create costs quickly. Anticipating change beats reacting to it.

REPUTATION

09 Brand Reputation

A viral post, misconduct, breach, or negative story can erode years of brand equity in days. Reputation is an enterprise risk.

STRATEGIC

10 Emerging Risks

AI, cybersecurity, geopolitical uncertainty, and technological disruption keep reshaping the landscape. Tomorrow's threat differs.

WHERE NOVA FITS

Many of today's most consequential business risks extend beyond the exposures organizations traditionally associate with insurance.

Nova provides customized insurance and alternative risk solutions built to address financial, operational, legal, regulatory, reputational, and strategic exposures—including many of the risks opposite.

The objective isn't simply to insure more risks. It's to identify the risks that matter most and develop a strategy for managing them before they become disruptions.

Every organization faces risk.

The difference isn't whether risk exists. It's whether leadership has taken the time to understand it, prepare for it, and respond to it strategically.

As your organization looks toward the future, consider one simple question:

If your organization's greatest business risk became tomorrow's reality, would you be prepared?

Taking the time to answer that question may be one of the most important investments your leadership team can make—not just in protecting what you've built, but in creating the confidence to pursue what comes next.

Nova Insurance Company
Redefining Insurance.

ABOUT NOVA INSURANCE COMPANY

Strategic Risk Management for a Changing Business Landscape

At Nova Insurance Company, we believe risk management should be more than a safeguard against uncertainty—it should be a strategic advantage.

Headquartered in the Cayman Islands, Nova specializes in customized insurance solutions and alternative risk financing strategies designed to help organizations protect their assets, preserve capital, and support long-term growth. We work with business owners, executives, advisors, and organizations across a wide range of industries to identify complex risks and develop solutions tailored to their unique operational and financial objectives.

OUR AREAS OF EXPERTISE

- Traditional Commercial Insurance
- Captive Insurance Companies
- Segregated Portfolio Companies (SPCs)
- Premium Financing Solutions
- Enterprise Risk Management (ERM)
- Specialty Insurance Programs
- Alternative Risk Financing Strategies
- Specialty & Emerging Risk Advisory

OUR MISSION

To help organizations build resilience, preserve capital, and create long-term value through thoughtful, strategic risk management.

CONNECT WITH NOVA

Nova Insurance Company
128 Elgin Avenue, PO Box 31298
Grand Cayman, Cayman Islands KY1-1206

+1 305-686-9112
www.novainsurancecompany.com
clients@novainsurancecompany.com

Thank you for reading the inaugural edition of Nova Quarterly. Published quarterly for clients, advisors, and business leaders.