

Captive Solutions



Captive Insurance Companies Can Be Effective Financial Tools

Are you currently self-insuring property or casualty business risks? You may not even realize that you are. Consider all the points in your business that could go critically wrong and ask whether you have insurance to cover each potential loss. If you do not currently have coverage, you are essentially self-insuring. And, if you did insure it, what policy would you purchase and how much would it cost you?

A captive is a simplified insurance company operating solely for your business. You determine the risks to insure and you keep the profit if you are able to control your risks sufficiently. That captive is your asset – not a third-party insurer's asset. Through a captive you can:

- Retain control over your own premium dollars and how they are invested;
- Capture underwriting profit rather than giving it to your insurer;
- Increase risk coverage and capacities;
- Secure tax benefits;
- Save for the future through wealth accumulation and estate planning aspects; and
- Design risk transfer programs that fit your business rather than your insurer's standard business insurance policies.

Captives Are Insurance Companies

Although captives can be incredibly useful structures, they are insurance companies whether they are labeled an 831(b) micro-captive or another type of captive. Like any insurance company, captives can be successful or not depending on their design and the management. Captives are regulated by state insurance departments and must adhere to all regulatory requirements. The risk management and compliance requirements of regulators are real. Unfortunately, owners of captives usually do not have insurance industry expertise or a robust insurance background and can run into regulatory problems.

- So how do captive owners know if their captive insurance company is being run well?
- If the captive is not working effectively, how does the owner know what to do before regulators get involved?
- And how do captive owners ensure a successful captive insurance company without having an insurance background and executive level insurance industry experience?

Solution

Having former insurance executives on your team as you evaluate the captive insurance company opportunities will help enable you to make informed decisions and help you design the risk management program that best fits your business needs. We know which vendors can add value along the way to help you maintain and develop your captive as your business evolves. We have managed, audited and regulated insurance companies. We can help you understand the issues so you can make informed choices that will make the most sense for your business needs and objectives.



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