

CAPTIVES

A captive is a closely held insurance company established to insure the risks of its parent company and affiliated groups. In a captive, you are the owner, you control it and you can gain from it. Through captive insurance companies and other risk transfer techniques, enterprises can reduce the total cost of risk, protect their assets, generate profit and reduce taxes.

ADVANTAGES OF CAPTIVES

Captives can offer unparalleled benefits because they allow you to obtain insurance tailored to your unique risks. Your risks and pricing are judged on the merits of your company, rather than the industry.

- Enhance risk control
- Reduce insurance costs
- Smooth underwriting cycle
- Improve cash flow
- Insure difficult risks
- Create new profit centers
- Improve tax strategy
- Access to reinsurance

WHAT TYPES OF RISK DO CAPTIVES COVER?

A captive insurance company is an integral part of a business model, covering many risks and liabilities, including, but not limited to:

- Large deductible programs
- General liability
- Workers' compensation
- Extended warranty
- Business interruption
- Environmental
- Medical malpractice
- Employee benefits including medical stop-loss
- Supply chain interruption
- Auto liability
- Legal expenses
- Reputational risk and cyber liability
- Directors and officers
- Property damage loss waiver
- Tenant damage waiver

INDUSTRY INSIGHTS

Mid-market business owners who can control their company's risk performance and outcomes are prime candidates for captives. They are usually best-in-class in their market or industry and have the systems and processes in place to outperform others. Some of the insurance challenges they face include:

- Hard markets, including rising insurance premiums, increasing deductible limits, new policy exclusions, imposition of sub-limit caps, and carrier non-renewal
- Lack of customizable coverages in the commercial marketplace, including legislative/ regulatory changes, administrative actions, and business interruption
- Existing captives that need assistance with basic organizational, administrative, and financial management to stay in compliance with regulatory requirements
- Rising costs of employee benefits, administration, and compliance of insurance programs

SOLUTIONS & CAPABILITIES

Our Captive practice has deep experience in structuring and managing captives that give you greater access to insurance, the ability to tailor terms and conditions in your policy, typically at a lower cost than traditional third-party insurers, and allow for coverages that may not be commercially available.

- Stop loss solutions for self-funded workers' compensation plans
- Employee benefit solutions
- Captive management services, such as general management, policy drafting and pricing, risk management reviews, financial reporting services, and corporate secretarial and regulatory compliance services
- Development of complex captive structures. Alternative risk management (ARM) requires bespoke solutions consisting of manuscript policies and custom-designed structures to fit your specific business objectives and risk profile needs

WHY RISK STRATEGIES?

When you're facing the most pressing business challenges, maximizing your success starts with the right partner. At Risk Strategies, you get a dedicated risk management consultant and partner with in-depth industry knowledge and 25 specialty practices. Whether you are considering an alternative risk solution, or need help managing an existing captive, our team of specialists will provide the highest degree of expertise in the captive industry today. Recognizing the needs of our diverse client base, we have the safeguards in place to run our Captives Practice independently from other Risk Strategies companies. Unhindered by geographic limitations or industry focus, we seek out the best insurance solutions to meet the unique needs of your business.

- Our partners, from TPAs, actuarial firms, and legal teams, rank among the best in the industry
- Our regulatory counsel drafts and influences captive insurance law in the various domiciles
- Our tax and audit counsel helped to shape the landscape of landmark court cases defining captive insurance arrangements
- Leadership team has decades of captive experience in employee benefits, enterprise risk management (ERM) captives, and captive management
- Product innovation, from our Specialty Cell solution providing single lines of coverage to programs resulting in decreased medical costs of 20-30% of premiums through reference-based pricing
- Nation's leader in delivering alternative risk management (ARM) solutions for enterprise and specialty exposures

Let's Talk.

info@riskmgmtadvisors.com

riskstrategies.com

