

What is a Captive?



An *insurance* company
that provides insurance *to* and is
controlled by its owners.

Why a Captive Should Be Important to You



Control over insurance destiny

Improved risk management

Multi-state capabilities

Reduces costs

Addresses coverage or
administration issues

Returns underwriting profits
and investment income

Improves cash flow



Why Are Your Costs Lower?

Recapturing Previously Lost Dollars

Premium \$



- Premiums based on your loss experience
- Insulated from market conditions
- Operating costs are lower
- Only good risks are accepted
- Enhanced loss prevention and claims management
- Return of unused loss funds and investment income

Insurance Coverages



Workers' Compensation

Statutory Coverage
Employers Liability

General Liability

Products Liability
Completed Operations

Automobile Liability

Physical Damage

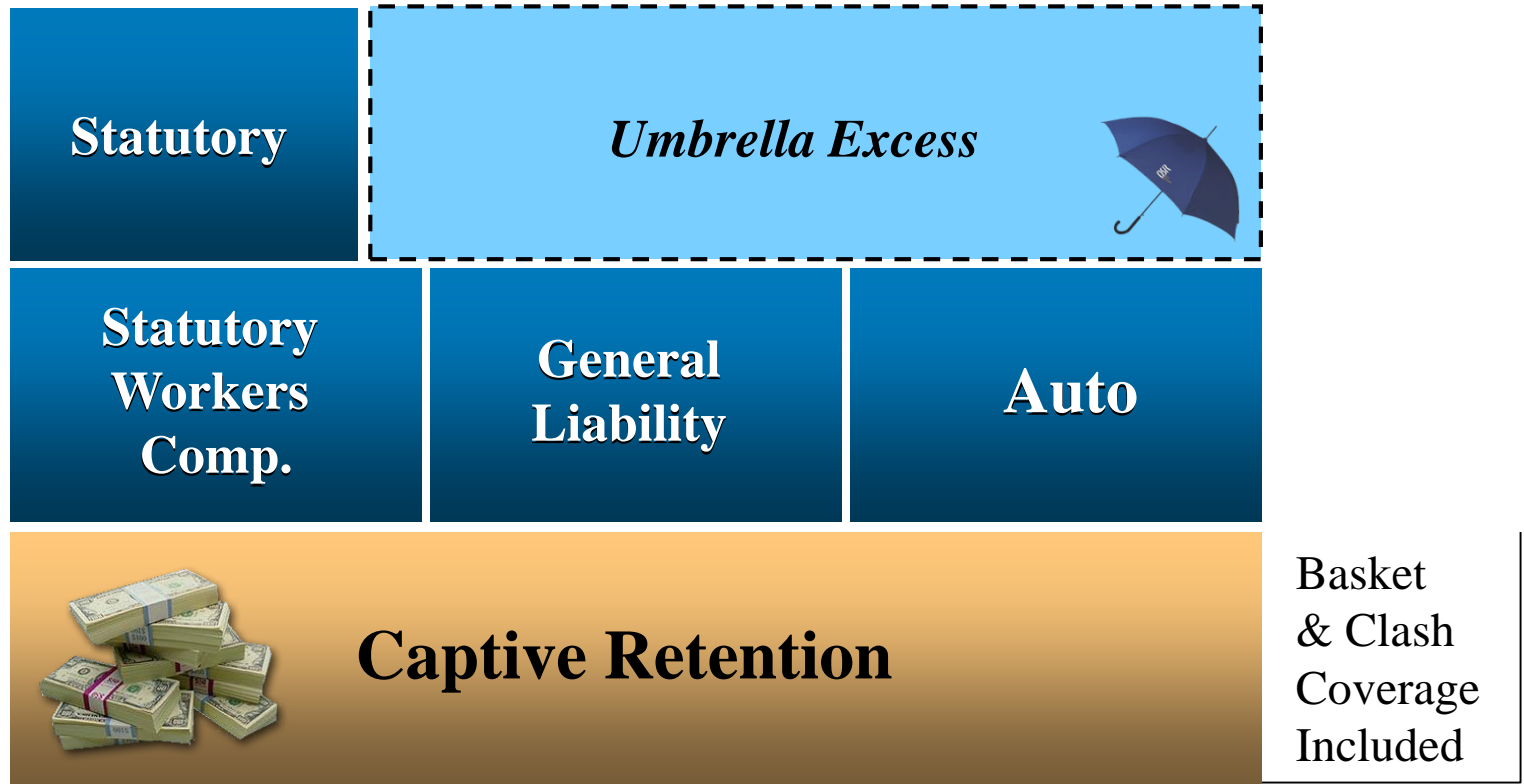
Captive Retention



\$350,000



Specific Excess Insurance



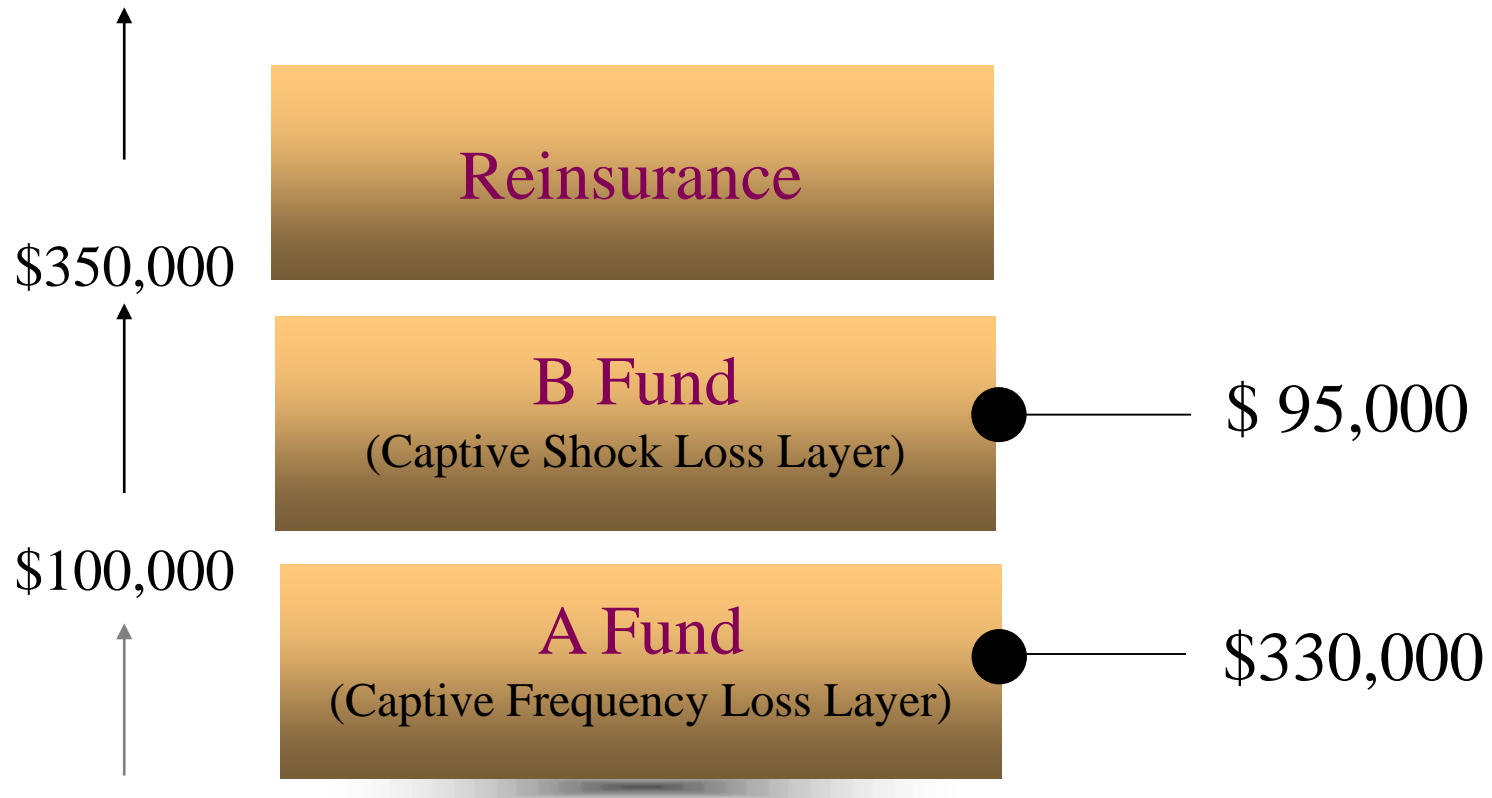
How Is the Captive Protected?

**Aggregate Excess
\$5,000,000**

Experience Adjustment

Loss Fund

Sample Member



Loss forecast = \$425,000

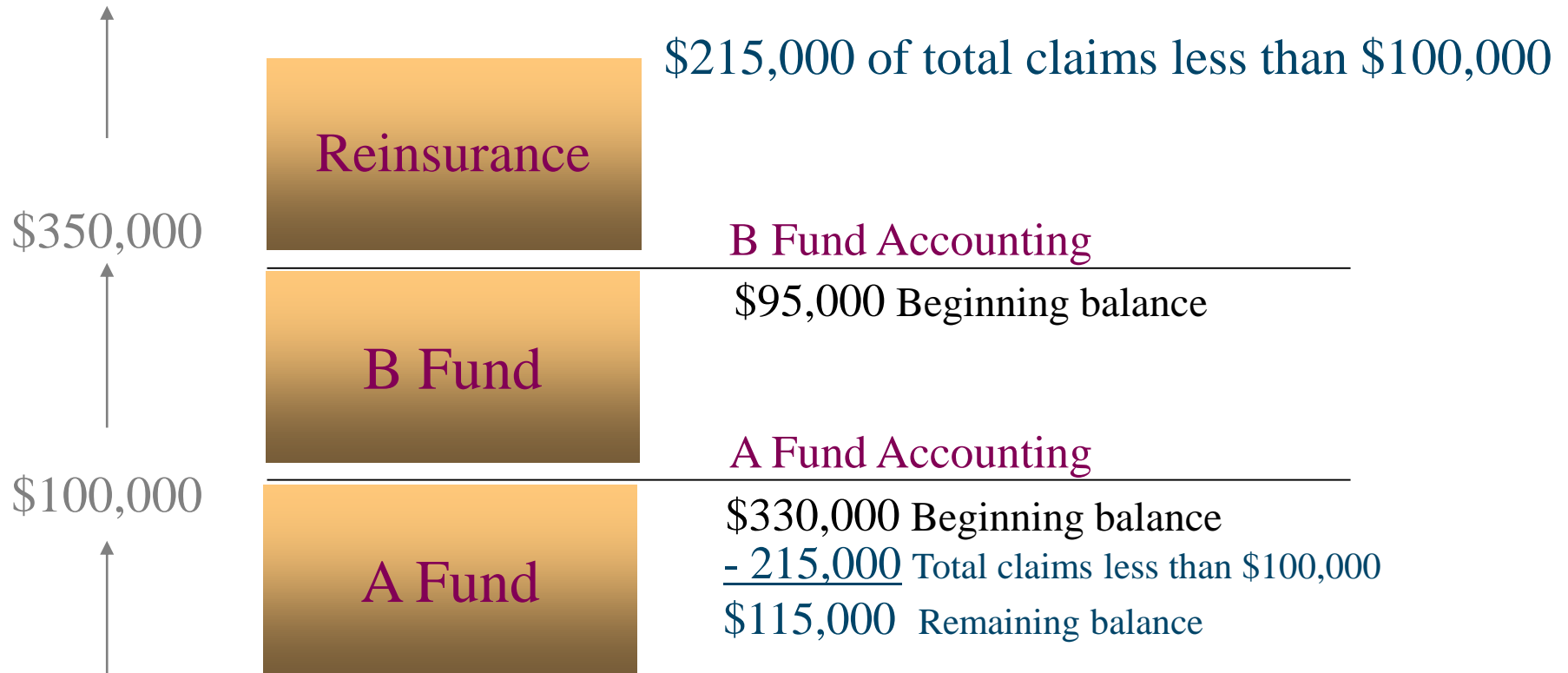
Premium with OP = \$720,000

The Power of Group Captives



*a typical
year*

Loss Example #1



“Typical Year” Results

\$115,000 A Fund

+ 95,000 B Fund

+ 40,000 Estimated interest

\$250,000 Estimated return

Fundamental Benefits

- Long-term control
- Enhanced loss prevention
- Enhanced claims management
- Lower operational costs
- Upfront savings
- Potential for significant returns
- Investment income accrues to you
- Income potentially accumulates tax deferred



About the Captive



- All insureds are owners
- One vote per member
- Operates with committee structure
- Incorporated under Cayman Islands law
- Management of claims is critical
- Participation is required
- Members help the captive to grow

Underwriting Process



Data needed:

- Five-year loss history
- Five-year exposure history
- Copies of current policies
- Company brochures
- Current financial statements