

The Insurance Profit Center™ and Eleven Reasons to Join a Captive



Captives are licensed in every state and insure 3 lines of coverage that include **Workers' Compensation, Automobile and General Liability**. Currently, we represent over 150 companies nationally paying over \$100,000,000 in premiums in 10 different Captives.

WHY

is over 50% of the insurance market now using alternatives other than traditional insurance to protect themselves?



WHY

are best-in-class middle market businesses investing in Group Captive Insurance Companies at a greater rate than ever before?



HERE'S WHY:

- It's one of the few expenses businesses can't control, and they're subject to the whims of insurance carriers and never certain they're getting the lowest cost for the broadest coverage.
- They're sick and tired of insurance carrier cycles and aren't going to take it anymore!

So, what are the 11 reasons?

- 1. Control Over Your Insurance Destiny** – Being in a Captive eliminates renewal anxiety. It is the only permanent solution to the annual renewal problem that every business owner has been dealing with through hard and soft market cycles.
- 2. Premiums Based On A Formula** – Say goodbye to subjective underwriting, where you can't figure out why your renewal premium went up or down. A Captive provides a formula that allows you to calculate your renewal premiums every year before they renew. Premiums are based on your own five-year history versus industry trends and what insurance carriers like or dislike year to year.
- 3. Buying Power/Economies Of Scale** – Purchasing insurance as part of a group increases your buying power and beats what you can do on your own with a traditional insurance carrier.
- 4. Insurance as a Profit Center** – After the fixed costs of the Captive program have been paid to vendors and service providers, all profits – including dividends and investment income – are returned to you in the fourth or fifth year.
- 5. Broader Coverages** – Owners and CEOs don't want to hear “no” from their insurance carriers. They want their insurance program to be a “deal maker” versus a “deal breaker.” Captives automatically provide the broadest coverages available, so you almost never have to ask permission to do a new job, enter a new state or acquire another company.
- 6. Improved Cash Flow** – Captive members realize improved cash flow via reduced fixed costs and disbursement of dollars on only paid losses versus reserves.
- 7. Ownership Has Its Privileges** – All policyholders become owners and directors of their own insurance company with the ability to make decisions and change service providers at each board meeting.
- 8. Loss Control and Its Immediate Impact on Premiums** – Loss control and safety services can create an immediate reduction in costs to Captive members.
- 9. Tax Benefits** – Tax benefits are possible since the Captive is a foreign domiciled corporation, thereby avoiding double taxation to its U.S. shareholders. In addition, the preferred share can be owned by an entity other than the corporation that purchases and pays for the insurance.
- 10. Assessments** – In a Captive structure, you may pay more if you have more claims. However, there is a cash-flow benefit to the payment of assessments, since they can be paid out over four years on a quarterly, interest-free basis. This is opposed to an increase in your experience mod factor, which must be paid in full after the claims occur and reserves are set.
- 11. No Golden Handcuffs** – You can leave a Captive whenever you wish, yet still retain your rights as a shareholder to get your dividends and investment income back when a policy year you participated in is closed out.



SO, IS THE CAPTIVE RIGHT FOR YOU?

To find out, feel free to call or email me at any time.

www.odellstudner.com | 866.282.9742 | captiveinfo@odellstudner.com