



Bringing the benefits of captive insurance to your world.

# ENHANCE YOUR FINANCIAL LANDSCAPE WITH A CAPTIVE

TAKE CONTROL. SAVE MONEY. REAP THE REWARDS.



# **Insure against the risks of running your business, and enjoy the benefits from managing risks well.**

A captive insurance company is a company that you own and that issues coverage for specific risks to your business. These risks may include gaps, limits, and exclusions that are not covered by your commercial insurance policies and to which you remain exposed.

With traditional commercial insurance, the insurer keeps the profits if there are fewer than expected claims. With a captive, however, if you manage your business risks well and your captive experiences lower than expected claims, the premiums paid to the captive become equity of the captive and potential profits that you keep.

A successful captive can lessen your business's risks, provide the flexibility lacking in many other risk-management tools, and potentially increase overall personal wealth on a tax-advantaged basis when profits are paid out as long-term capital gains. Up to \$1.2 million of net underwriting profits annually may be excluded from captive income and not taxed. Furthermore, because you own the captive, the captive's equity is in your control—underwriting profits can be held at the financial institution you select and made available for distribution subject to reserve requirements.

## **Captive Insurance Basics**

A captive is a smart risk management insurance structure that, when executed in compliance with state insurance regulations and IRS guidelines, can potentially provide substantial economic and financial planning benefits.

As a successful business owner, you can reap the financial rewards of owning a captive insurance company. The primary benefit of a captive is that it can provide insurance coverage for risks typically not covered by the commercial insurance policies you likely have in place. Additionally, under appropriate circumstances, the premiums paid by your business to the captive may qualify as tax-deductible business expenses.<sup>1</sup>

As the owner of the captive, after meeting the applicable reserve requirements, you may invest the captive's equity in a variety of permitted investments, or simply elect to distribute it either as a current dividend or upon liquidation of the captive.

Does the risk profile of your business make it a good candidate for its own captive insurance company?

**Ask us for a feasibility review.**

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<sup>1</sup> Only reasonable premiums are deductible for federal income tax purposes. If not reasonable, the entire deduction may be challenged by the IRS and disallowed, and back taxes and penalties assessed. You should consult with your legal and tax professionals regarding the potential deductibility of premiums paid to a captive in your particular circumstances.



# REAP THE REWARDS

## Secondary Benefits of a Captive

Captive insurance companies are, first and foremost, an effective risk management tool for successful business owners and professionals. Under appropriate circumstances, ownership of a captive can also play an important role in financial and estate planning, especially for family-owned businesses.

Captives can be owned by LLCs, partnerships, corporations, trusts, key employees, family members, and individuals, thus adding potential benefits beyond risk management, including asset protection, wealth preservation, and maximizing the transfer of wealth to heirs.

Additionally, captives can play an important role in protecting against unexpected downturns in revenue. Variations in business revenues year after year could be covered by appropriate insurance to guard against losses in less successful years. Proper understanding of the additional risk created in abnormally successful years may allow the business owner to pre-fund potential liability.

CaptiveOne Advisors will help develop your captive insurance strategy, so that you can reap the rewards of captive ownership.



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**About our photographs:** CaptiveOne Advisors honors the visionaries who acted to preserve the natural assets and living landscapes of America. As a result of their ability to envision the future and act upon a plan, many generations are privileged to experience the majesty of the United States National Parks.

# CaptiveOne Knows Captives. It's all we do.

Regulatory compliance is paramount to a captive insurance strategy. The CaptiveOne family of companies offers advisory and management services by the best and brightest minds in the field of captive insurance to establish domestic captives and provide comprehensive management services, including accounting, claims processing, and continuing advice on premium reserve management.

CaptiveOne specializes in domestic, not offshore, captives for its clients.

CaptiveOne takes care of the entire captive process for you. We (1) set up the captive; (2) can arrange for a loan to cover the initial set up costs; (3) coordinate all of the underwriting so that commercially reasonable premiums are charged for coverage to protect against your business's particular risk; (4) oversee the administration of claims; (5) manage compliance issues relating to the formation and operation of the captive; (6) file the captive's annual tax return; and (7) report to you on a consistent and frequent timeline—year after year, after year.

We will include your trusted business advisors, such as lawyers and CPAs, in the process so that your captive insurance company is designed to best meet your needs.

The CaptiveOne team of experienced captive insurance professionals will take care of all the details so that you obtain the maximum benefits available from captive ownership.

## Enhance your financial landscape with CaptiveOne.



CaptiveOne Advisors LLC is a registered Delaware limited liability company with headquarters in Wellington, Florida and offices in Delaware.

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