



CAPTIVE INSURANCE

Alternative Insurance Options

Risk Management Using Captives Can Help Protect Your Assets

WHAT IS A CAPTIVE?

A Captive is an insurance company that can be owned by you or your family that insures some or all of the risks of your business or affiliated businesses. It can cover risks you presently do not insure or some or all of the risks you presently do insure. It can also insure risks for which no insurance is presently available on the market. Many of the Fortune 500 companies have been taking advantage of the benefits of a captive for decades.

Now these same benefits are available to small and medium size companies.

WHY FORM A CAPTIVE?

- Lower Insurance Cost
- Cash Flow Advantage
- Risk Retention
- Risk Management
- Access to Reinsurance Market
- Control of Claims Handling, Policy Language, Coverage and more
- Tax Advantages

TAX BENEFITS

Properly structured, the premiums you pay to your Captive are deductible against your pre-tax income. Instead of self-insuring these risks with after tax dollars, with no tax benefits, you **efficiently and actively** manage these risks with pre-tax income. The captive may then enjoy the enormous tax benefits available to insurance companies under the Internal Revenue Code.

IRS ANNOUNCES CAPTIVE WORK

After losing several cases to taxpayers, the IRS has announced that it will no longer challenge properly structured Captives. The IRS also identified structures that it will not challenge in the future. You can now structure your Captive within these IRS guidelines.

PROCESS

- Feasibility Analysis
- Development
- Implementation
- Asset Allocation within Captive
- Management

Any tax or legal information provided here is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation.