



- **Lower overhead** – captives generally have no employees, no marketing expense, no physical property and minimize necessary administrative overhead through careful outsourcing of required services to professional captive service providers.
- **Price stabilization** – insurance market fluctuations have considerably less impact when pricing is based on the insured’s individual loss history rather than the loss history of a large base of insureds.
- **Coverage customization** – where coverage is unavailable or unaffordable, a captive is able to manuscript its own customized policy to cover a specific or unusual exposure.
- **Improved cashflow** – investment income from unearned premiums can be realized over the full duration of claim exposures.
- **Greater control over claims handling** – a captive establishes and controls its own claims handling policies and procedures and has full access to all claims data.
- **Potential tax advantages** – captives can provide a tax-advantaged vehicle for accumulating underwriting and investment income.
- **Ability to direct investment options** – captive reserves and surplus are invested at the direction of the captive owner (subject to regulatory liquidity guidelines) and can include not only traditional investment vehicles but also certain investments back into the parent company.

There are drawbacks as well including meeting capital commitments, potential for inadequate loss reserves, and legal and regulatory risks, among others. Caitlin Morgan specializes in offering captive insurance solutions and can provide you with expertise and services to determine if a captive is the right fit for your client.

Interested in a captive for your company, agency or group?

Contact

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