



insurance
employee benefits
workplace safety

Is a Group Captive Insurance Program right for your business?

A Group Captive insurance program can be an attractive alternative to traditional casualty insurance (Auto, Workers' Compensation, General Liability). Securing your insurance through a group captive provides an enhanced level of control and financial independence.

A group captive is an insurance company structured to provide insurance for its member owners and it is controlled by the members. You and several other members own the company that provides your commercial property & casualty insurance. Therefore, you have a much greater degree of influence and control, and *you* benefit when the captive is profitable, not the insurance company.

Your administrative burden is minimal because the program is managed by a professional captive management company that provides all the operating functions including claims, legal, and accounting. Your broker services the program much like traditional insurance and places other coverages as needed.

Most group captives are domiciled in places like the Cayman Islands or Bermuda to take advantage of lower operating costs, favorable regulations and tax advantages. As of March, 2014, there were 128 captive groups domiciled in Cayman with approximately \$1.7 billion in premiums and \$5.3 billion in assets.

The Benefits of Belonging to a Group Captive

- Time-tested model provides greater control over your insurance program
- Profits are returned to you as dividends along with investment income
- Your premiums are actuarially developed from your own losses, not industry averages
- Majority of your premiums will go to loss funds. Unused loss funds are returned as dividends
- You have greater influence over claims management
- Captive dividends can be distributed directly to a family trust

Consider Joining a Group Captive if your business has:

- Financial Stability and Sophisticated Financial Management
- An average or better loss history
- Casualty premiums that exceed \$200,000 (Auto, Workers' Compensation, and General Liability)
- An entrepreneurial attitude and risk approach

As the traditional commercial insurance market goes price through cycles and changes that sometimes limit availability, group captives have grown to become a stable alternative. Once business owners join a group captive, they rarely return to the traditional insurance market.

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