

FEASIBILITY PROCESS

01. BUSINESS PURPOSE

Problem or opportunity addressed through the use of a captive insurance company

02. COVERAGE AREAS/ STATUS QUO

Define specific coverage areas to be insured/reinsured by the captive and quantify status quo – total cost or risk

03. ACTUARIAL LOSS STUDY

Actuarial loss analysis meant at defining full distribution of loss by layer – premium and capital needed

04. RETENTION ANALYSIS

Utilize actuarial output to develop the optimal retention structure

05. INSURANCE PROGRAM MARKET REVIEW

Combine actuarial analytics with market information to develop a market supported approach

06. CONSIDER CAPTIVE STRUCTURE(S)

Detail cost/control implications of various captive structures:

- Pure Captive
- Rent-A-Captive
- Group Captive
- Risk Retention Group (RRG)
- Agency Captive
- Association Captive

07. REGULATORY, TAX, ACCOUNTING & DOMICILE ANALYSIS

Consider external compliance factors and domicile location

08. ECONOMIC ANALYSIS MODELING

Define economic value provided through use of a captive compared to status quo

09. FINDINGS/ACTION PLAN

Strategy recommendation with quantitative and qualitative support – status quo always an option