

## AUSA is a Strategy Adviser for Captive Insurance.

- *There are some considerable benefits in considering the formation of a Captive Insurance company. We can assist in Risk Assessment, Creation, Management, Restructuring and Closure.*

### CAPTIVE INSURANCE AND REINSURANCE

Captive insurance refers to a subsidiary corporation established to provide insurance to the parent company and its affiliates. A captive insurance company represents an option for many corporations and groups that want to take financial control and manage risks by underwriting their own insurance rather than paying premiums to third-party insurers.

By creating a Captive, you are able to achieve the following;

- Create specialized coverage to meet your needs
- Reduced operating costs
- Improved your cash flow
- Use investment income to fund losses
- Gain direct access to wholesale reinsurance markets
- Realize greater control over claims

In addition to the traditional “pure” captive model, there are several other solutions;

- Group Captive
- Association Captive
- Rent-A-Captive
- Risk Retention Group
- Reciprocal Insurer
- Sponsored Captives, Segregated Cells and Protected cells

At ApetropUSA, our goal is to work with you to:

- 1) **Evaluate** your risks and corporate structure.
- 2) **Identify** the option which would best meet those exposures and qualifiers.
- 3) **Implement** the solution which would best fit your goals.

Contact us to arrange a non-binding, confidential conversation about your options and any other questions you may have.

*We provide services, reinsurance and capital to meet your needs.*

**Your Options:**  
**What are they?**  
**What do they mean?**

Captive owners represent a wide range of industries including multinational corporations, associations, banks, municipalities, transportation and airline companies, power producers, public housing authorities, higher education institutions, telecommunications suppliers, shipping companies, insurance companies and manufacturers, among others.

**PURE CAPTIVE:** Also known as a “Single Owner Captive”, insures only the risks of the owner or the owner's subsidiary operations.

**GROUP CAPTIVE:** A captive insurance company owned by multiple, non-related organizations and is designed to insure the risks of these different entities.

**ASSOCIATION CAPTIVE:** A captive insurance company owned by members of a common industry or trade association to share the risks of that industry among its members

**RENT-A-CAPTIVE;** An arrangement in which a captive insurer "rents" its facilities to an outside organization, thereby providing the benefits that captives offer without the financial commitments that captives require. In return for a fee (usually a percentage of the premium paid by the renter), certain captives agree to provide underwriting, rating, claims management, accounting, reinsurance, and financial expertise to unrelated organizations.

**RISK RETENTION GROUP;** An entity created under the federal Liability Risk Retention Act, and licensed in any one state to write liability insurance; is regulated as a captive insurance company; and, may operate nationwide, provided it properly registers with each state in which it proposes to solicit or write insurance

**RECIPROCAL INSURER-** An unincorporated association; reciprocal insurance is that which results from an interchange among subscribers of reciprocal agreements of indemnity, the interchange being effectuated through an attorney-in-fact common to all subscribers

**SEGREGATED CELLS;** A special purpose insurer (typically operating as a rental captive) that establishes legally segregated cells or underwriting accounts. The objective is to ensure that assets in one underwriting account may not be used to satisfy liabilities in another underwriting account, nor the general (noncellular) liabilities of the SCC. Noncellular assets may or may not be available to satisfy cellular liabilities. May also be called a segregated portfolio company (SPC), protected cell company, or a separate account company (SAC).