



CAPTIVE NATION

Captive Insurance Management





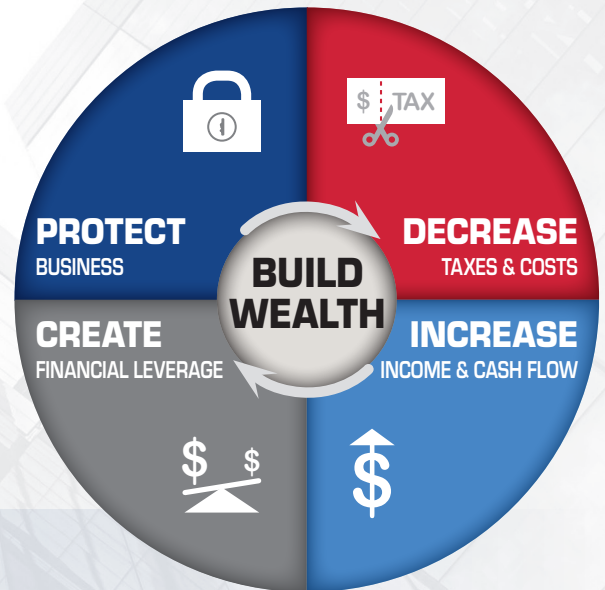
CAPTIVE NATION

Captive Insurance Management

WHAT IS CAPTIVE INSURANCE?

*A Private Insurance Company
for Business Owners*

WHAT DOES IT DO?



PROTECT BUSINESS

Protect the Business That You Built

Coverage Beyond Commercial Insurance

Access to Policies Not Available Commercially or Too Expensive

Creditor Proof - Protects Business and Personal Assets

DECREASE TAXES & COSTS

Keep More of What You Have Earned

Tax Deductible for Business; Non-Taxable for Captive

Distributions are Taxed at Capital Gains Rates

Reduced Insurance Costs for Greater Coverage

INCREASE INCOME & CASH FLOW

Turn Premiums into Profit

Retain Premium Dollars - Don't Use It, Don't Lose It

Investment Income from Underwriting Profits

New Profit Center - Offer Warranty/Insurance Program

CREATE FINANCIAL LEVERAGE

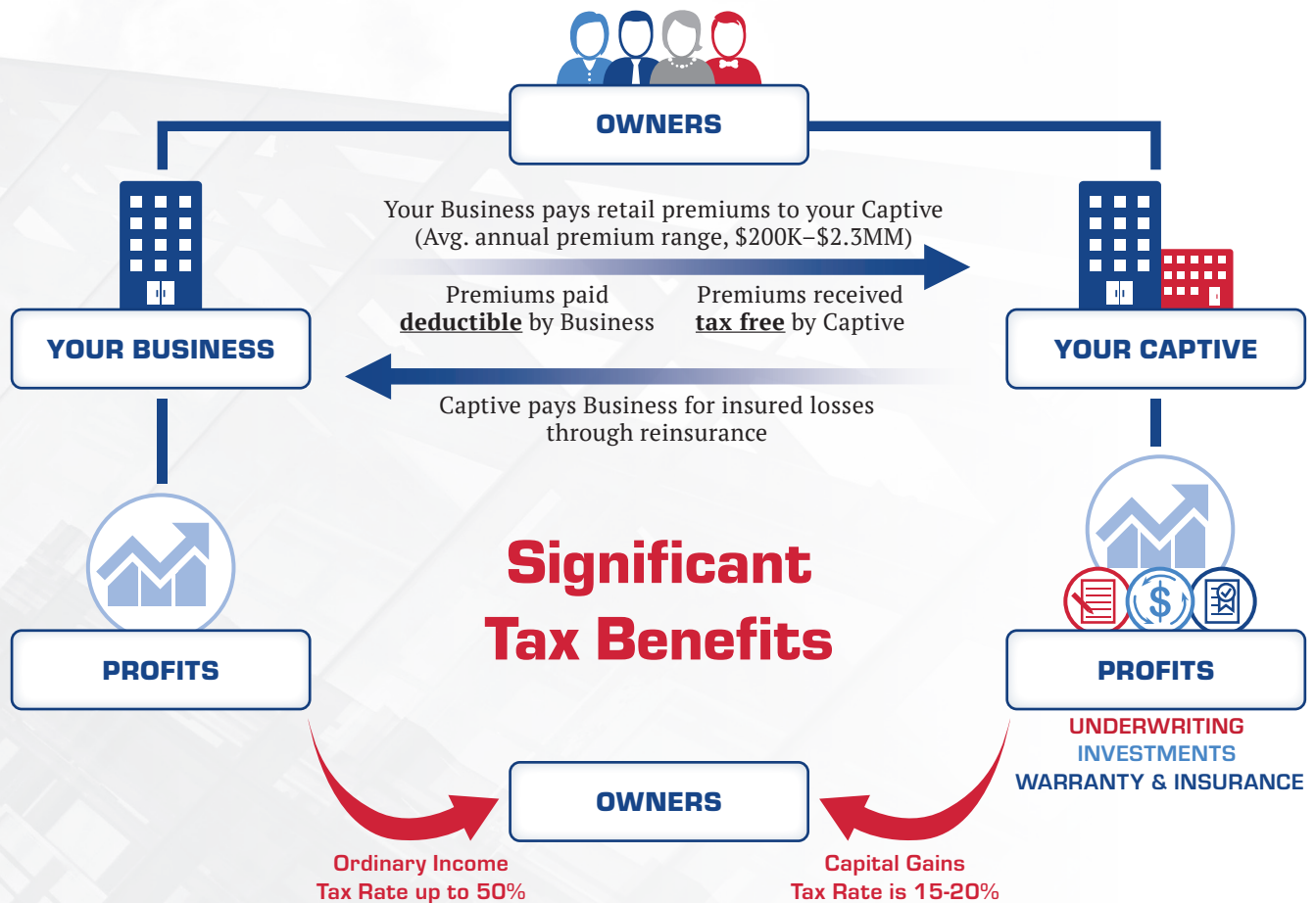
Own the Insurance Company, but Not the Risks

Reinsurance - Cover Exposures at Wholesale Rates

Create a New Asset/Corporation

Wealth Accumulation

HOW A CAPTIVE INSURANCE COMPANY WORKS



TAX BENEFITS OVER 10 YEARS

*Assumes a 4% return on investments.

WITHOUT CAPTIVE				\$2.25MM TAXES SAVED!
	YEAR 1	YEAR 5	YEAR 10	
Net Business Income	\$ 500,000	\$ 2,500,000	\$ 5,000,000	UNPROTECTED!
Income Taxes (45%)	\$ (225,000)	\$ (1,125,000)	\$ (2,250,000)	
After Tax Investment Income*	\$ 11,000	\$ 174,000	\$ 684,000	
Total	\$ 286,000	\$ 1,549,000	\$ 3,434,000	

WITH CAPTIVE				PROTECTED & INVESTABLE!
	YEAR 1	YEAR 5	YEAR 10	
Captive Premiums MILLIONS IN COVERAGE!	\$ 500,000	\$ 2,500,000	\$ 5,000,000	60% INCREASE!
Management & Operating Expenses	\$ (41,000)	\$ (205,000)	\$ (410,000)	
Reinsurance/Risk Distribution Fund	\$ (20,000)	\$ (100,000)	\$ (200,000)	
After Tax Investment Income*	\$ 18,000	\$ 278,000	\$ 1,091,000	
Total	\$ 457,000	\$ 2,473,000	\$ 5,481,000	

NET GAIN WITH CAPTIVE			
	\$171,000	\$924,000	\$2,047,000
	YEAR 1	YEAR 5	YEAR 10

Note: Premiums usually range between \$200K–\$2.3MM annually.

WHAT IS COVERED UNDER A CAPTIVE

Captives typically cover low frequency, high severity risks. Below is a partial list of coverages.

- Audit Liability
- Business Interruption
- Collections/Receivables
- **Commercial Gaps/Exclusions**
- Consumer Boycott Risks
- Contractual Liability
- Construction Delay & Defect
- **Cyber Risk/Data Loss/Hacking**
- Deductible Reimbursement
- Directors & Officers
- Embezzlement
- Eminent Domain Insurance
- Employment Related Liability
- Environmental Liability
- Errors & Omissions
- Foreign Operations Insurance
- Government Action Liability
- Health Insurance/Stop Loss
- Independent Distributor's Liability
- Inland Marine
- Intellectual Property Infringement
- Inventory/Cargo Loss
- Loss of Key Contract
- **Loss of Key Employee**
- **Loss of Key Supplier**
- Kidnap/Ransom/Extortion Liability
- Labor Cost/Strike
- Malpractice Liability
- Patent/Copyright/Trademark
- Product Recall
- **Product Warranty/Insurance**
- Property & Natural Disaster
- **Regulatory Risk**
- Sexual Harassment
- Subcontractor Default
- Terror or Acts of War
- Trade Secrets
- Unfair Competition Liability
- Workmanship Liability

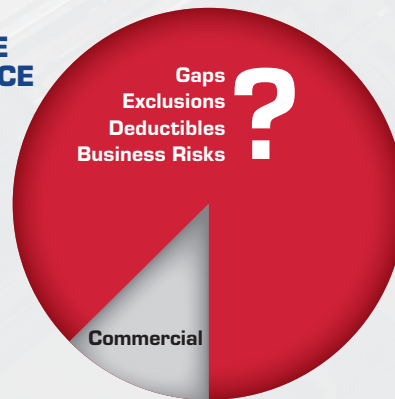
COVERAGE BEYOND COMMERCIAL INSURANCE

HOW DO YOU COVER? GAPS, EXCLUSIONS, DEDUCTIBLES & BUSINESS RISKS

**WITHOUT
A CAPTIVE,
SELF INSURED
(CURRENTLY)**

- | | | |
|---|---------------------------------|---|
| ✗ |Tax Deductible..... | ✓ |
| ✗ |Business Protection..... | ✓ |
| ✗ |Custom Insurance..... | ✓ |
| ✗ |Access to Reinsurance..... | ✓ |
| ✗ |Retain Premiums..... | ✓ |
| ✗ |Financially Ahead..... | ✓ |

**WITH
CAPTIVE
INSURANCE**



**CAPTIVE
NATION**
Captive Insurance Management

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Captive Nation is an Affiliate of CPA to CPA, Inc.

OUR TURN-KEY SERVICES

Captive Nation provides turn-key services in captive insurance formation and day-to-day management. Simply put...we do it all. Our management services provide clients with all the administrative, underwriting, and operational support needed to create and manage a captive insurance company. Founded by a CPA, Captive Nation ensures that your captive insurance company is in compliance with all state and federal regulatory requirements.

CAPTIVE INSURANCE MADE SIMPLE



CLEAN CAPTIVE CHECKLIST

Non-Negotiable Points when Deciding to Form a Captive Insurance Company

- ✓ **Your Captive's Primary Purpose for Creation is for Risk Management**
There has to be an existence of "insurance risk" within your business.
- ✓ **Your Captive Meets Risk Distribution Requirements**
The IRS Guidelines must be followed to ensure proper risk distribution.
- ✓ **Your Captive Must Produce Claims**
Claims are proof that your captive is operating as a real insurance company.
- ✓ **Your Captive Premiums are Actuarially Supported**
Actuaries and underwriters are independent 3rd party organizations that assess your company's risks. Precisely follow them.
- ✓ **Your Captive and Reserve Funds are Managed Properly by Your Captive Manager**
It is imperative that your captive manager ensures that your captive is properly structured, stays in compliance, and is managed based on regulatory requirements.

Captive Nation Adheres to the Clean Captive Checklist!

We provide businesses with turn-key services in captive insurance formation and day-to-day management...We do it all!



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NATION**
Captive Insurance Management

Our management services provide clients with all the administrative, underwriting, and operational support needed to create and manage a captive insurance company. Founded by a CPA, Captive Nation ensures that your captive insurance company is in compliance with all state and federal regulatory requirements.

Contact us today to see how forming a captive insurance company can protect what you've worked so hard to build.

Phone: 888.944.5588

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You've spent a lifetime
building your business...
protect what you've built.

*Ken Huffman, CPA
& Captive Manager*

