



# ALINK

Captive Insurance Services



**THERE'S A BETTER WAY**

## Captive Insurance

**There's a better way** to stop Loss! Taking control over your risk management program in a different way than before has proven to be effective for many successful business owners.

In self-funded medical or workman's comp plans, employers are responsible for any claims up to a certain level. This level is pre-determined in the plan and protects the employer from catastrophic loss. Any claim above that level is insured through traditional third party insurance.

Companies are advised to reserve for potential claims under the pre-determined level. But how? Many brokers don't address this important layer of exposure to the operating company, others suggest a trust, while most companies set in reserve out of their operating account funds to pay for potential claims.

**There's a better way, a more efficient way!** Setting reserves aside for potential claims inside the company's own Captive insurance company. There are three immediate benefits of reserving assets in this manner:

- Limits of premium, coverage, and reserves are clearly defined and set.
- Unused reserves are retained by the captive. A new profit center is created.
- Control and flexibility of your Risk Management program is gained.

In self-funded plans, the operating company is responsible for any claim up to the traditional stop-loss policy. Therefore, the captive premium for the stop-loss coverage is already accounted for, and should not be an additional expense, rather the captive premium is a more efficient way to reserve for this layer the company must reserve for anyway.

By FORMALLY insuring a layer of this exposure through the business's own Captive Insurance Company, the operating company/owner is no longer at a disadvantage. The business is still paying claims if or when a loss occurs. Claims are now reimbursed from their Captive rather from the company operating account. However, to the extent there are not claims, the owner now may benefit by owning their own insurance company. In fact, surplus can be utilized as re-insurance to the business, additional lines of coverage may be added when appropriate, the captive insurance company should be profitable, and the Captive insurance company completes the risk management program of the operating company.

There's a better way to risk management. Captive Insurance is a better way and it is

# Your Link to Security!

**Rich Ericson, President**

ALINK Captive Insurance Services

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