



ALINK

Captive Insurance Services

Premiums: Profit or Expense?

The Epiphany of Paying Insurance Premiums.

Traditionally premiums are viewed in a negative light when it comes to insurance premiums. We can categorize insurance premiums into three traditional thought processes:

1. Premiums are required.
2. Premiums are paid voluntarily, intentionally for the returning benefit from the insurer.
3. Premiums become Profit.

How do you view your premiums?

1. Clearly some insurance premiums are required by law such as health insurance, car insurance, or homeowners insurance, general liability or workman's comp. There are returning benefits from the insurer coming back to the payer such as health coverage, employee retention, deductions, and of course the general or specific coverage for the insured.



Poorly managed risk management programs result in increasing premiums, and even well managed programs often result in a **“sunk cost”** - premiums paid for years without ever filing a claim. As an example – as a homeowner for the last 30 years, I have had one minor claim. The saying goes, the insurance company always wins....They collect the premiums for years and / or they increase rates because of frequent claims or inflation.

2. Insurance coverages such as Life Insurance or Directors & Officers coverage are NOT required by law, yet many companies and individuals appropriately choose to pay premiums for these and many other lines of coverage for a variety of reasons but ultimately for the protection or benefits provided. The insured typically is more willing, even seeking these lines of coverage.

Permanent life insurance is a great example as the insured gains multiple benefits both while living and upon their passing. Some of these benefits include the death benefit, the tax free accessible cash value, buy-sell agreements, estate planning and more.

3. When paying premiums to YOUR own insurance company, **PREMIUMS BECOME PROFIT**. Captive insurance provides the **opportunity** not just for an epiphany regarding the power of the premium, but also the opportunity to become the Insurance Company.

For businesses and business owners, paying premiums to their own insurance company provides all the protection, all the insurance either required, or not required! Premiums are no longer a sunk cost. Instead of griping at insurance companies, BECOME ONE!

Insurance companies are designed to win, to be profitable. Your Captive Insurance Company is the same. When paying premiums to your own company, these funds become profits of YOUR insurance company - NOT expenses. Still regulated, providing protection, and paying claims.



There are of course operational expenses, fixed costs of owning your own insurance company. These frictional costs include administration, compliance, claims processing, risk distribution, actuarial work, reporting, etc.

So who qualifies? Businesses who have the cash (flow) to pay premiums! [Who qualifies?](#)

Often times, simply by reallocating existing assets, paying YOUR company instead of a third party, addressing deductible limits, we can show you how to fund YOUR Captive Insurance company.

You can and should turn Premiums into Profits, we can help you, it's our expertise. Ask how, get educated, engage, and Own your own Captive Insurance Company today, and in the process create

Your Link to Security!

Rich Ericson, President • [Alink](#) Captive Insurance Services •

Direct: 720-213-0583 • Email: Rich@Alinkcis.com