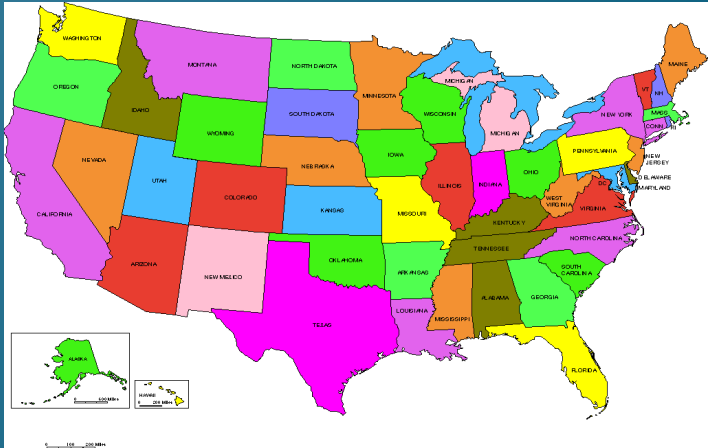


Gary Osborne, President, USA Risk Group

USA CAPTIVE MARKET



USA Captive Innovations

- Small Insurance Companies
- Risk Retention Groups
- A/B Fund Group Captives
- Direct Writing
- Special Purpose Captives
- Series LLC Cell Companies



Small Insurance Companies

- Section 831(b) IRS Tax Code
- Premiums less than \$1.2 million
- Creative coverages (maybe too creative)
- Wealth planning aspect
- “Black Swan” funding



Risk Retention Groups

- Federal Act
- Formed in one state, write in all 50
- Speed to market
- Liability only
- Med Mal, Trucking, GL
- Not as easy as written
- EU rules seem to allow



A/B Fund Group Captive

- Fronted coverages – often WC, GL, AL
- Reinsured above \$250k (to \$350k)
- First \$150-\$200k kept as individual account (A fund)
- \$200 xs \$150 pooled (B fund)
- Targets middle market risks generating \$400k to \$1m
- Required funding usually 2A + B
- Group aggregate stop in place
- Attractive to good risks unable to get attractive deductible policy options
- Homogeneous or Heterogeneous

Direct Writing



- Eliminate Commercial Carrier whenever possible
- Utilize reinsurers to right size risk
- Home state captive can lower transactional taxes
- All lines possible except WC and AL
- Regulatory issues need to be addressed
- Contractual insurance requirements often an issue
- Successful with Bonds, Property, Flood, GL ,
Pollution

Special Purpose Captives

- Came out of South Carolina
- Option for programs that did not fit other categories
- Life Insurance industry used re XXX reserves
- Allowed for creative ownership options
- Being challenged by NAIC as “shadow insurance”
- Allows for generational ownership, key employee ownership, agency participation

Series LLC Captives

- Delaware creation
- Series Business Units (SBU's)
- Innovation was cross risk between SBU'S
- Used often in conjunction with 831(b) election
- Very cost efficient

Questions



Contact Information

Gary Osborne, President
USA Risk Group

Direct: +001 802 371 2208

Email: gosborne@usarisk.com