

Captive insurance : a risk
management option with fringe
benefits

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Concluding Observations

- A Captive Insurance Company (“CIC”) is an insurance company affiliated with the operating business entity it insures.
- Utilizing a captive can serve multiple uses, including obtaining cover where there is no commercial alternative, reducing costs, expediting claims and for tax and estate planning
- A captive can generate significant benefits for business owners
- Creating and operating a captive requires careful planning and analysis, including with respect to domiciliation of the captive
- A business can operate its own captive by itself or through specialist service providers (“rent-a-captive”)
- Overall, a captive is a powerful risk management tool that deserves careful consideration by a family business owner, particularly for risks that are difficult to insure otherwise, or relatively low frequency and low impact