

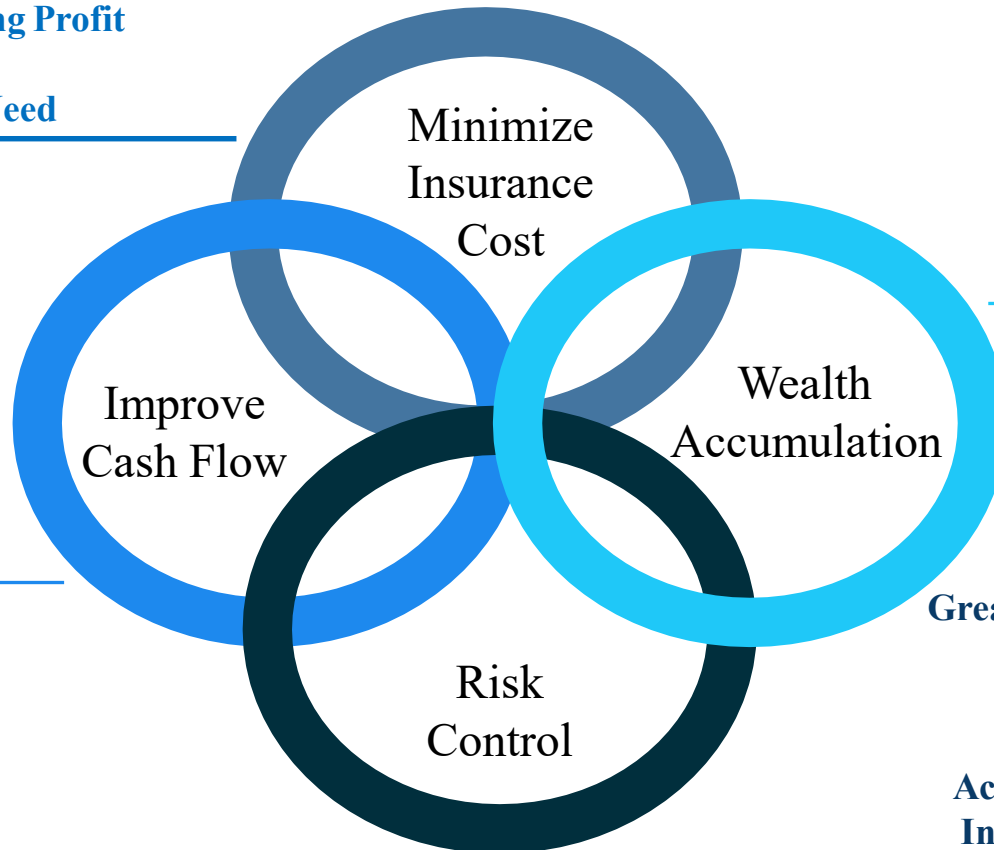
A CAPTIVE  
INSURANCE  
MANAGEMENT  
COMPANY

 **SYNERGY** CAPTIVES

# WHY A CAPTIVE INSURANCE COMPANY?

**Reduce Insurance Costs**  
**Capture Underwriting Profit**  
**Pricing Stability**  
**Purchase Based on Need**

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**Asset Growth**  
**Additional Profit Center**

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**Retain Premium Dollars**  
**Tax Benefits**  
**Investment Income**

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**Greater Control Over Claims**  
**Increase Coverage**  
**Increase Capacity**  
**Underwriting Flexibility**  
**Access Reinsurance Market**  
**Incentives for Loss Control**

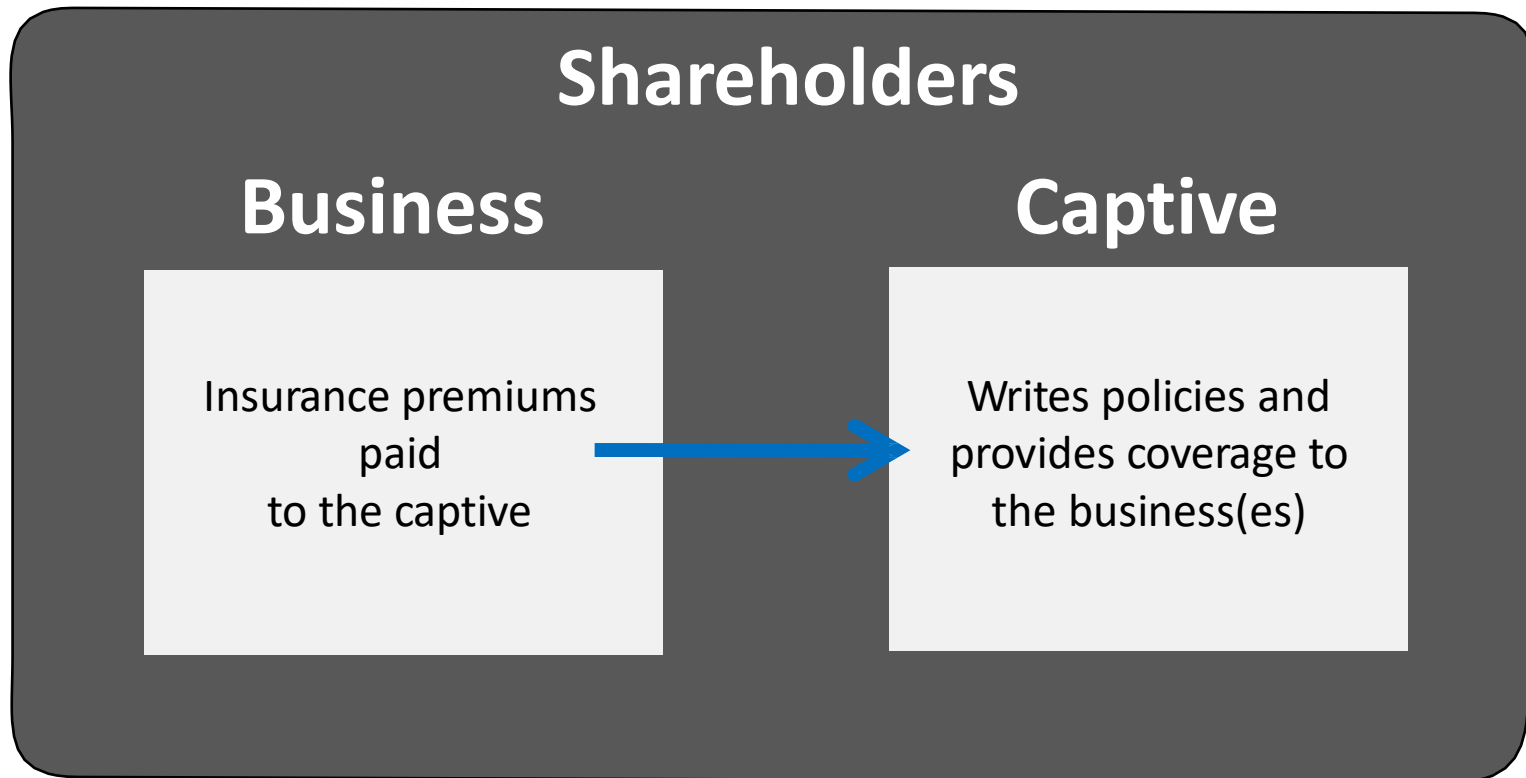
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# WHAT IS CAPTIVE INSURANCE?

- Captive Insurance is the premier risk-management and business planning tool available to business owners.
- It allows the owner(s) to participate in the underwriting, claims, and operation processes without doing away with the commercial insurance already in place.
- A captive is your own private insurance company, not an insurance product.

# BASIC STRUCTURE OF A CAPTIVE





# TRADITIONAL INSURANCE & CAPTIVES

- Our captives integrate your traditional insurance with your captive allowing you to:
  - Reduce premiums
  - Retain more low frequency risk in the captive
  - Cover ancillary risks in the captive
- Provide a more comprehensive approach to policy selection during feasibility
- Allow for easier access to carriers in the reinsurance market

# BENEFITS OF CAPTIVE INSURANCE

- Lower Commercial Insurance Costs
- Enhanced Claims Management
- Protect Ancillary Risk Exposures Not Covered by P&C Policy  
(Limits, Gaps, Deductibles, Exclusions)
- New Profit Line
- A risk management tool which, when properly implemented, will also enjoy the congressionally mandated inducements under the Internal Revenue Code
- Can be Structured as an Asset Protected Asset
- Access to Reinsurance Markets

# INSURABLE RISKS

- Administrative Actions
- Billing Errors and Omissions
- Breach of Warranty
- Breach/Release of Data
- Business Interruption
- Business Interruption DIC
- Business Litigation
- Cargo DIC
- Collection Risk
- Commercial Automobile Liability DIC
- Commercial Property DIC
- Contingent Business Interruption
- Contractual Liability
- Credit Risk
- Crime
- Crime DIC
- Crime/Employee Dishonesty
- Crisis & PR Management
- Cyber Risk
- Dealers Errors & Omissions
- Deductible Reimbursement
- Directors and Officers Liability
- Directors and Officers Liability DIC
- Driveway Collision
- E&O
- E&O DIC

# INSURABLE RISKS (CONT.)

- Electronic Data Processing Equipment
- Electronic Data Processing Equipment DIC
- Employment Practices Liability
- Employment Practices Liability DIC
- Environmental Liability
- Executive Risk Liability
- Fiduciary Liability
- Garage Liability
- Garage keepers DIC
- General Liability
- General Liability DIC
- General/Product Liability
- Independent Contractors Performance Risk
- Intellectual Property Infringement
- Inventory in Custody
- Independent Contractors
- Kidnap & Ransom
- Kidnap & Ransom DIC
- Litigation Expense
- Loss of Income
- Loss of Key Contract
- Loss of Key Customer
- Loss of Key Employee
- Loss of Key Individual
- Loss of Key Supplier



# INSURABLE RISKS (CONT.)

- Mechanical & Equipment Breakdown
- Mechanical & Equipment Breakdown DIC
- Media Liability
- Medical Professional Liability DIC
- Patient Accounts Receivable
- Physicians Regulatory Defense
- Political Risk
- Pollution Liability
- Privacy Liability
- Product Liability
- Product Liability DIC
- Product Recall
- Product Warranty
- Professional Liability
- Professional Liability DIC
- Property In Transit
- Regulatory Change
- Reputational Risk
- Social Engineering Fraud
- Spoilage/Temperature Change
- Strikes, Riots & Civil Commotions
- Subcontractor Performance Risk
- Supply Chain Interruption
- Warranty Reimbursement
- Workplace Violence

# WHO CAN UTILIZE A CAPTIVE?

Almost any type of business can benefit from a captive given the right parameters!

Companies with \$1.0MM - \$900MM Gross Revenue

Examples include:

1. Communication Companies
2. Convenience Stores
3. Medical Professionals
4. Franchisee/Franchisor
5. Transportation
6. Tech Industry

# EXAMPLE #1: COMMUNICATION COMPANIES

- Billing Errors & Omissions
- Collection Risk
- Crime
- Cyber Risk
- Deductible Reimbursement
- Employment Practices Liability DIC
- Litigation Expense
- Loss of Key Customer
- Loss of Key Employee
- Reputational Risk



## EXAMPLE #2: CONVENIENCE STORES

- Business Interruption
- Collection Risk
- Crime/Employee Dishonesty
- Employee Practices Liability
- Inland Marine
- Legal Fees
- Pollution
- Workplace Violence



## EXAMPLE #3: MEDICAL PROFESSIONALS

- Administrative Actions & Billing Errors
- Business Litigation
- Collections Risks
- Employment Practices Liability
- Product/Service Rework
- Regulatory Change
- Reputational Risk

## EXAMPLE #4: Franchisee/Franchisor

- Cargo/Loss of Inventory
- Carryout Insurance
- Directors & Officers Liability
- Employment Practices DIC
- Intellectual Property
- Loss of Key Customers
- Privacy Liability
- Product Recall
- Reputational Risk

# EXAMPLE #5: Transportation

- Breach of Warranty
- Business Interruption
- Employment Practices Liability
- Errors & Omissions Liability  
DIC
- Intellectual Property
- Loss of Key Contract
- Mechanical Breakdown
- Regulatory Change
- Terrorism

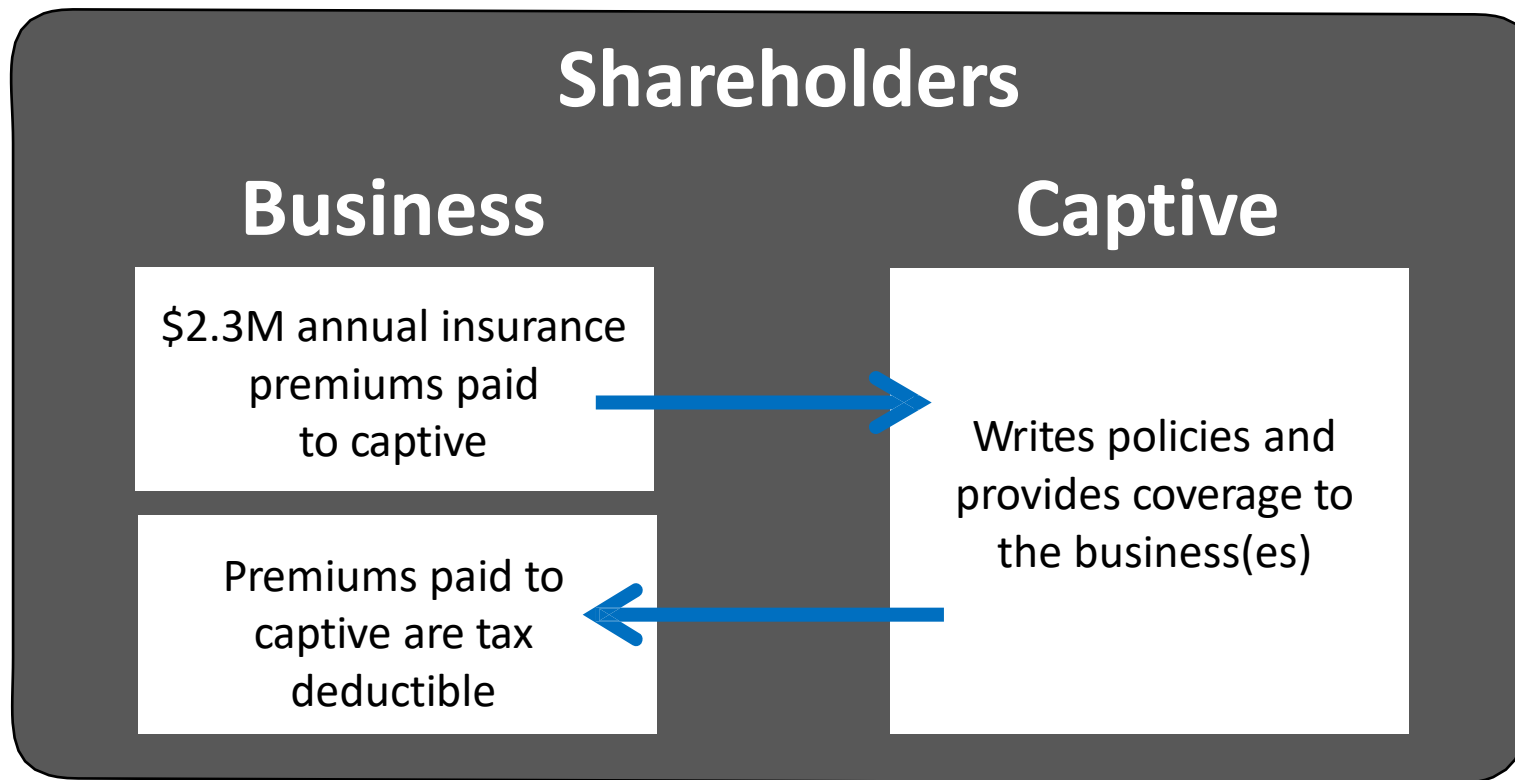


## EXAMPLE #6: Tech Industry

- Administrative Action
- Business Interruption
- Business Litigation
- Employment Practices Liability
- Errors & Omissions Liability DIC
- General Liability DIC
- Loss of Key Customer
- Product Liability DIC
- Product Recall



# BASIC STRUCTURE OF A CAPTIVE



# FORMATION PROCESS

1. Initial Questionnaire: Gathering of business information, which allows Synergy to review and establish if the captive would be beneficial for a business.
2. Feasibility Study: Synergy will engage an independent actuary to conduct a feasibility study.
3. Formation: Synergy will coordinate the formation and licensing of the captive in a domestic domicile.
4. Management: Synergy provides full management including domicile filings, annual audits, quarterly actuarial reviews, claims coordination and tax preparation.

Total estimated timeframe: 30 to 60 days

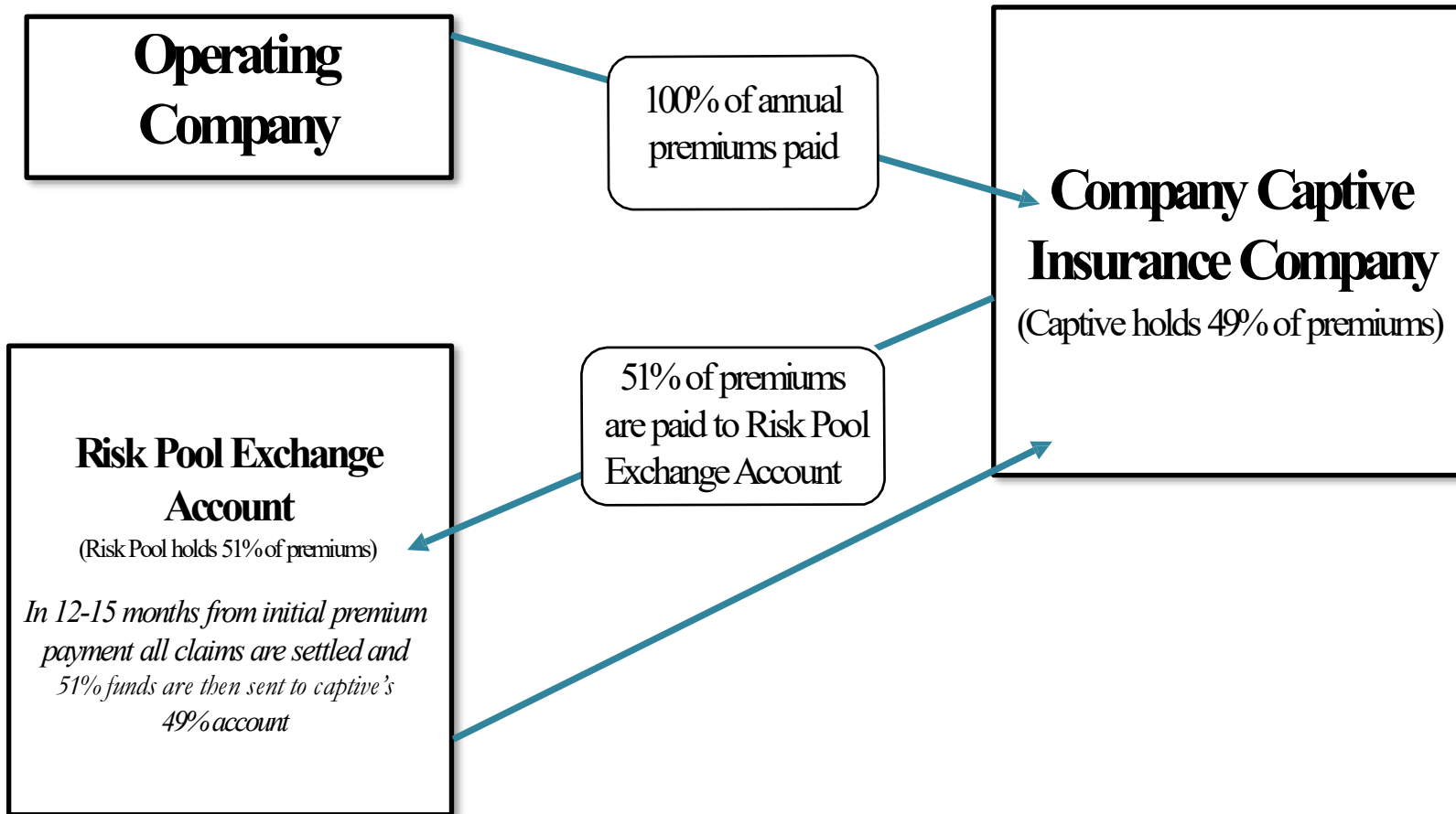
# CAPTIVE INSURANCE COMPANY INDEX

| Parent                      | Jurisdiction | Parent                       | Jurisdiction | Parent                    | Jurisdiction |
|-----------------------------|--------------|------------------------------|--------------|---------------------------|--------------|
| Costco Wholesale Corp.      | Arizona      | Anheuser-Busch InBev SA      | Missouri     | Goldman Sachs Group Inc.  | Vermont      |
| Hilton Worldwide Inc.       | Arizona      | Berkshire Hathaway Inc.      | Nevada       | Johnson & Johnson         | Vermont      |
| Hyatt Hotels Corporation    | Arizona      | MGM Resorts International    | Nevada       | Johnson Controls Int. PLC | Vermont      |
| Kraft Heinz Company         | Arizona      | Wynn Resorts Ltd             | Nevada       | JPMorgan Chase & Co       | Vermont      |
| McDonald's Corporation      | Arizona      | Comcast Corporation          | New York     | Kroger Co.                | Vermont      |
| Microsoft Corporation       | Arizona      | General Electric Co.         | New York     | Major League Baseball     | Vermont      |
| Morgan Stanley              | Arizona      | Macy's, Inc.                 | New York     | NFL Player Annuity Trust  | Vermont      |
| Pacific Life                | Arizona      | Madison Square Garden        | New York     | PepsiCo, Inc.             | Vermont      |
| Prudential Financial, Inc.  | Arizona      | Twenty-First Cent. Fox, Inc. | New York     | Pfizer Inc.               | Vermont      |
| Subaru Corporation          | Arizona      | Viacom CBS Inc.              | New York     | Phillips 66               | Vermont      |
| Troon Golf, L.L.C.          | Arizona      | 3M Co.                       | S. Carolina  | Pitney Bowes Inc.         | Vermont      |
| Union Pacific Corporation   | Arizona      | Bank of America              | S. Carolina  | Primerica, Inc.           | Vermont      |
| Volkswagen AG               | Arizona      | KPMG Int. Limited            | S. Carolina  | PwC                       | Vermont      |
| Western Alliance Bancorp    | Arizona      | FedEx Corporation            | Tennessee    | Rockwell Automation Corp. | Vermont      |
| CVS Health Corporation      | Connecticut  | Nissan Motor Co., Ltd.       | Tennessee    | Sinclair Oil Corporation  | Vermont      |
| Coca-Cola Company           | Georgia      | Berkshire Hathaway Inc.      | Texas        | Textron Inc.              | Vermont      |
| Koch Industries Inc.        | Georgia      | Phillips 66                  | Texas        | Toyota Motor Corporation  | Vermont      |
| United Parcel Serv., Inc.   | Georgia      | Southwest Airlines Co.       | Texas        | U.S. Bancorp              | Vermont      |
| Alaska Air Group, Inc.      | Hawaii       | Les Schwab Tire Centers      | Utah         | University of Southern CA | Vermont      |
| Anthem, Inc.                | Hawaii       | Aon, plc                     | Vermont      | University of Michigan    | Vermont      |
| Berkshire Hathaway Inc.     | Hawaii       | Archdiocese of New York      | Vermont      | USA Hockey, Inc.          | Vermont      |
| eBay Inc.                   | Hawaii       | Bank of America              | Vermont      | Vanguard Group, Inc.      | Vermont      |
| Facebook, Inc.              | Hawaii       | Chevron Corporation          | Vermont      | Walmart Inc.              | Vermont      |
| Lyft, Inc.                  | Hawaii       | Citigroup Inc                | Vermont      | Walt Disney Company       | Vermont      |
| Marriott International Inc. | Hawaii       | ConocoPhillips               | Vermont      | Wells Fargo & Co.         | Vermont      |
| Nike Inc.                   | Hawaii       | Deere & Co.                  | Vermont      | Wendy's Company           | Vermont      |
| The Clorox Company          | Hawaii       | Delta Air Lines Inc.         | Vermont      | Weyerhaeuser Company      | Vermont      |
| T-Mobile US, Inc.           | Hawaii       | Dow, Inc.                    | Vermont      | Yum Brands Inc.           | Vermont      |
| Uber Technologies, Inc.     | Hawaii       |                              |              |                           |              |

# A CAPTIVE IS A TRUE INSURANCE COMPANY

- Operations: The primary business operation for a captive must be risk management.
- Policies: All premiums and policies written must be comparable to policies available on the open market. Moreover, premiums and risk associated with the captive must be actuarially supported.
- Capitalization: Domiciles require the captive to maintain a specified amount of capital at all times. It is \$60,000 or \$250,000 either cash or letter of credit.
- Risk Transfer: Must meet IRS requirements regarding risk transfer & distribution to qualify as a true captive. In order to comply the captive must participate in a licensed risk pool or qualify under the 12 Entity Rule.

# PREMIUM FLOW



# ON-SHORE VS OFF-SHORE CAPTIVES

With the introduction of the “Stop Tax Haven Abuse Act” of 2009, several formerly friendly jurisdictions are now identified as “off-shore secrecy jurisdictions”. These jurisdictions are scrutinized by the IRS as probable locations for tax evasion:

*Anguilla, St. Kitts & Nevis, Antigua, Aruba, Cayman Islands, Cook Islands, Barbados, Isle of Man, Turks and Caicos, British Virgin Islands*

We at Synergy only recommend Domestic jurisdictions for your captive.

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# FAQ

**Q: Why would I self insure?**

A: Every business has uninsured risks. In essence, your company is already self-insuring those risks.

**Q: How can a captive help with claims that aren't being covered by commercial insurance?**

A: A captive can provide Difference In Condition (DIC) policies to handle exclusions of commercial policies.

**Q: What are the next steps?**

A: For a preliminary review of your business or your client's business, please complete the enclosed one-page questionnaire and email it to [keith@synergycaptives.com](mailto:keith@synergycaptives.com). You may also schedule a 30-minute introductory phone call with Keith Langlands by calling our office at (702) 473-5270.

# CONTACT INFORMATION

**Keith Langlands, CPA**  
Managing Member

[keith@synergycaptives.com](mailto:keith@synergycaptives.com)

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Office: 702-473-5270 Cell: 702-845-7656

8905 W. Post Road, Ste 200, Las Vegas, NV 89148

PO Box 400397 Las Vegas, NV 89140-0397



For additional information please visit [www.synergycaptives.com](http://www.synergycaptives.com)





## 2021 Preliminary Questionnaire

If more than one entity is being insured, please complete a separate questionnaire for each.

Please submit this form via fax at (702) 425-1109 or via email to info@synergycaptives.com.

**Name of Entity:**

**Address:**

**City:**  **State:**  **Zip Code:**

**Phone:**  **Website:**

**Contact Name:**  **Email:**

### Business Information:

**State of Incorporation:**  **Years in Business:**  **Entity Type:**  Corporation  S-Corp  LLC  Other: \_\_\_\_\_

**Date of Incorporation:**  /  /  **Est. Value:**  **Accounting Basis:**  Cash  Accrual

**Nature of Business:**

**Description of Business' Primary Operations:**

**Exposure Concerns:**

### Financial Information:

Are sub-contractors used?:  Yes  No

**Total Number of Employees:**

|                         |             |                         |             |                         |             |                         |
|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|
| <b>Gross Receipts:</b>  | <b>2019</b> | \$ <input type="text"/> | <b>2020</b> | \$ <input type="text"/> | <b>2021</b> | \$ <input type="text"/> |
| <b>Payroll:</b>         | <b>2019</b> | \$ <input type="text"/> | <b>2020</b> | \$ <input type="text"/> | <b>2021</b> | \$ <input type="text"/> |
| <b>Sub-Contracting:</b> | <b>2019</b> | \$ <input type="text"/> | <b>2020</b> | \$ <input type="text"/> | <b>2021</b> | \$ <input type="text"/> |
| <b>Insurance Costs:</b> | <b>2019</b> | \$ <input type="text"/> | <b>2020</b> | \$ <input type="text"/> | <b>2021</b> | \$ <input type="text"/> |