

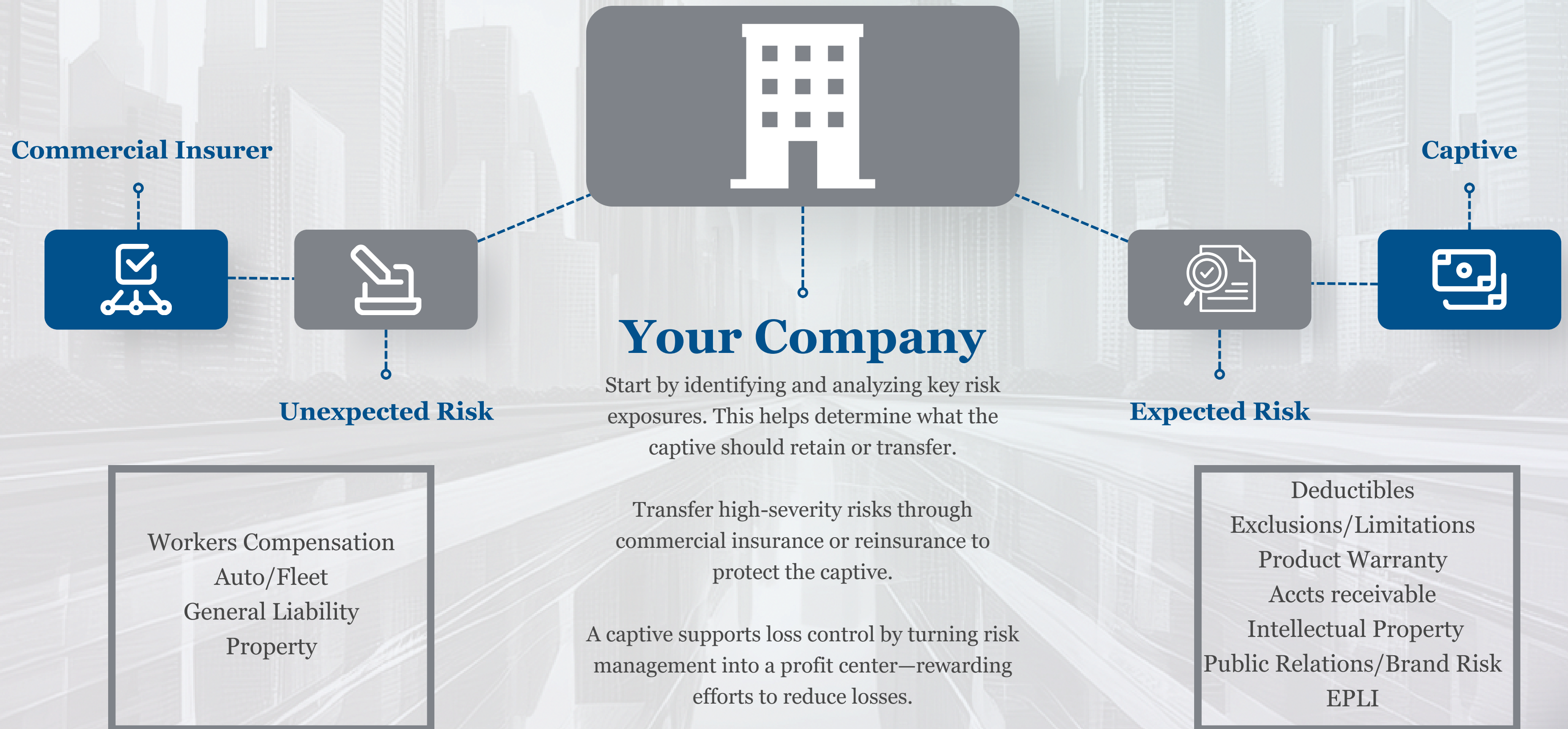
Captive Insurance

CONTROL YOUR RISK



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The Risk Spectrum



Risk Appetite



Guaranteed Cost

- Complete transfer of risk
- Commercial Insurance with minimum deductible



Retro Policy

- Assumption of limited risk in exchange for some risk
- Deferred pay-in premium



Deductible Policy

- Assumption of higher deductible in return for a premium credit



Group Captive

- Pooling of risk with other businesses to enhance risk distribution



Pure/Cell Captive

- Assumes own risk, operates under regulatory supervision
- Access to reinsurance



Self-Insured Trust

- Complete assumption of risk with limited regulations

01

**LOW
TOLERANCE**

02

03

04

05

06

**HIGH
TOLERANCE**

Measured as percentage of:

- *Retained Earnings*
- *EBITDA*
- *Net Cash-Flow*
- *Unique industry key performance indicators*

Captive Readiness

Financially Stable



Strong finances ensure the ability to fund claims and operations.

Willing to Invest in Yourself



Captives require upfront capital and long-term commitment.

Good Claims History



Fewer claims indicate better risk control and captive suitability.

Low Loss Ratio



Lower claims relative to premiums make captives more cost-effective.

Potential for Shared Risk



Willingness to pool risks with others enhances coverage stability.

Good Risk Management



Effective strategies reduce claims and improve captive performance.

Proactive



Businesses must actively manage risks and loss prevention.

Long-term Commitment



Captives provide benefits over time, requiring patience and consistency.

Captives



THE BASICS


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What is a Captive?

A Captive is an insurance company owned by, or affiliated with, the businesses it insures.

"Created by you to insure you."

**Licensed,
Limited-Purpose
Insurance**



Formed by a business owner to insure risks inherent in their business.

**Enhances Risk
Management**



Supplements pre-existing risk management and financing procedures.

**Maximizes
Control**



Provides maximum control over your at-risk dollars.

Common Types of Captives



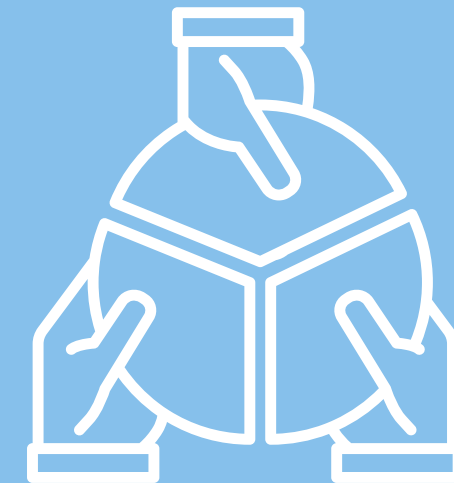
Single-Parent Captives

- Owned and controlled by one organization as a subsidiary.
- Higher formation costs but offers full control.
- Provides customized coverage tailored to the parent company's unique risks.



Protected Cells (Hybrid)

- Structured within an existing sponsoring captive to create separate cells.
- Cells may take various forms: single-parent, group captive, or no formal structure.
- Each cell is independently owned, posts its own security, and does not share risk with other cells.



Group Captives

- Owned and controlled by unrelated organizations.
- Members are entrepreneurial with strong loss histories and a safety culture.
- Typically covers workers' compensation, general liability, and auto liability/physical damage.

Regulated Lines (Fronted)

Non-Regulated Lines (Direct)

Admitted Fronting Insurer

Risk ceded to the captive



Owner/Insured

Fronting carrier issues policies and
arranges claims handling



Captive

Captive retains risk at agreed
level



Reinsurer

Captive retrocedes risk in excess of
retention

Captive

Captive retains risk at agreed level



Owner/Insured

Fronting carrier issues policies and
arranges claims handling



Reinsurer

Captive cedes risk in excess of
retention

Captives

A detailed line drawing in a light gray tone serves as the background. It depicts a group of approximately ten business professionals, both men and women, seated around a large, rectangular conference table. They are dressed in formal business attire. Several large sheets of paper, presumably documents or reports, are spread across the table. In the background, a large whiteboard is visible, displaying some faint, illegible text and a circular diagram. The setting appears to be a modern office with large windows on the right side, through which some architectural details of another building can be seen. The overall style is professional and corporate.

FORMATION AND MANAGEMENT


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Procedant Formation Process

1 Viability Study

A Procedant viability study gauges if a full feasibility study is worth pursuing.

2 Formation Agreement

A Procedant Group formation agreement defines the setup process for a captive.

3 Feasibility Study

A feasibility study evaluates the financial and operational success of a captive.

4 Business Plan

A business plan outlines the strategy, structure, and financials of a captive insurance company.

5 Formation Documents

Legal formation documents establish the captive's structure, ownership, and regulatory compliance.

6 Insurance/Reinsurance

Insurance or reinsurance placement secures necessary risk coverage for the captive.

7 Captive Application

The state-specific application ensures the captive meets all regulatory requirements for licensing.

8 Certificate of Authority

Obtaining a Certificate of Authority (COA) grants the captive legal approval to operate.

Submission Roadmap



Feasibility Study

Incorporation documents,
actuarial, financial,
reinsurance, capital



Submit Application

Domicile Dept. of Insurance
completeness review



Capitalize

Cash / Surplus Note / Letter
of Credit



Contact Regulators (DOI)

Receive conceptual approval

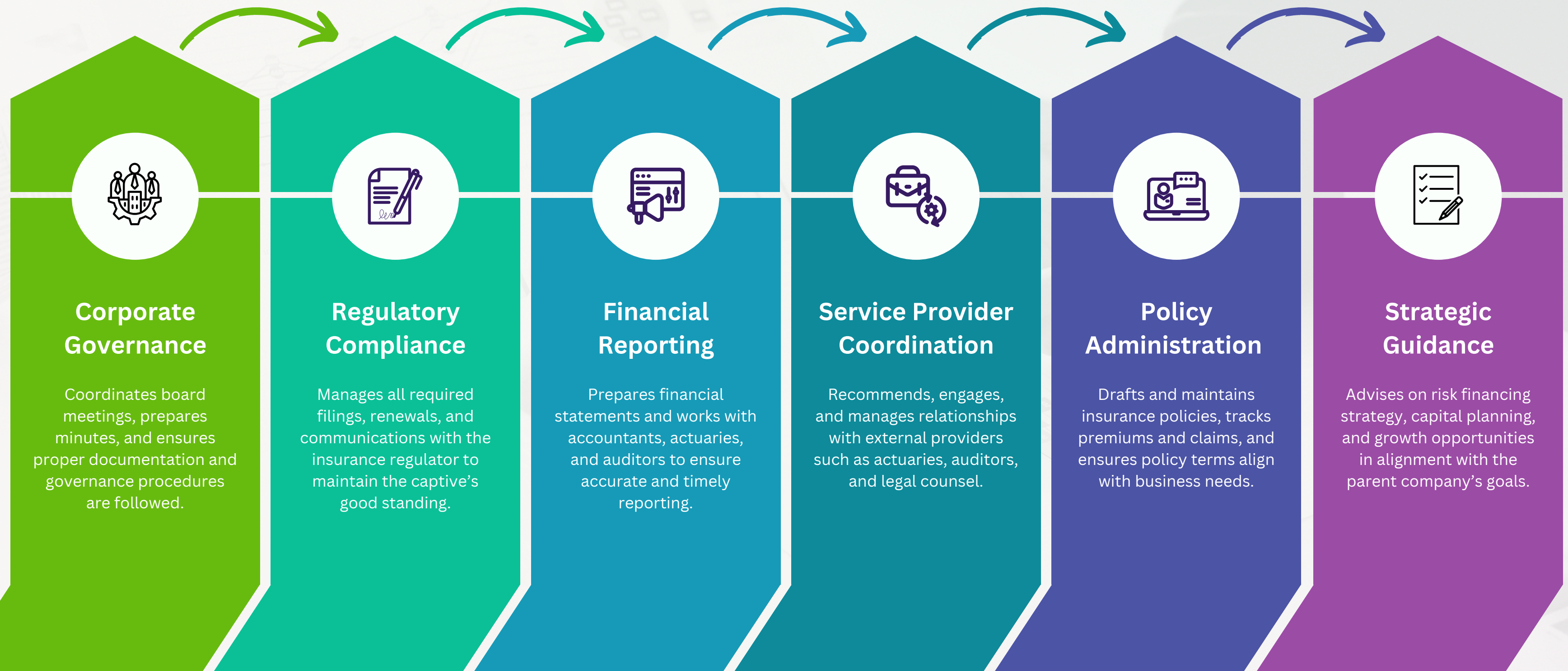


Advisory Review

Approved Advisory Review
and Recommendation
Modify Business plan (if
necessary)



Ongoing Management



Captives



IN SUMMARY


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Captive Characteristics



Why a Captive?

Financial



Captives reduce the total cost of risk by retaining underwriting profits and investment income. They avoid insurer profit loading and may create new revenue opportunities.

Control



Gain control over claims decisions, stabilize premiums, and drive down costs through better loss prevention. Captives also offer access to reinsurance and additional capacity.

Flexibility



Captives allow you to tailor coverage to your needs, support strategic goals, and avoid market volatility. You can also add custom services aligned with your organization.

Meet Our Team



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THANK
YOU