

Captive Advisory Portfolio of Services

Captive Advisory professionals, part of Marsh's Captive Solutions Practice, provide specialized consulting services on the potential business and risk management benefits, the possible financial, strategic, and operational advantages, and the typical risks relating to captives.

Service Highlights

Initial Complimentary Consulting Services

Captive Advisory conducts a basic company analysis, then holds an initial discussion to educate the company on what a captive is and how it may benefit their organization.

Captive Consulting Services

The Captive Advisory team can agree to serve as a resource to discuss, analyze, comment on, and research captive issues or concerns that arise. Topics typically include capital commitment, reserves, premium parameters, investment options, expanded insurance offerings, corporate governance—or other captive issues that a client wishes to address.

The Captive Advisory team also offers a variety of other services to its clients. Each of the services can be customized to account for the different needs our clients present, such as an initial review to determine whether a captive is an option through a feasibility study, or a strategic review for those clients who already have a captive.

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Who it's for

- Captive Advisory services are available to organizations considering the establishment of a captive and those already using captives and looking to re-evaluate their captive's current operations and associated benefits.

What you get

- A better understanding of the potential benefits and value of a captive
- Company analysis to help you determine whether a captive solution fits your organization
- A strategic review of your current captive to determine viability and efficiency in an ever-changing market
- Access to Captive Advisory team's expertise on captive issues specific to the client

Captive Feasibility Study

Companies that look to alternative risk-financing strategies to fund their company's losses or insure its risks can use the Feasibility Study as a tool to determine whether the formation of a captive insurance company is a viable option. During this initial step in establishing a captive, we provide a general overview of captives, followed by an analysis of the potential advantages and disadvantages of captive formation for the client. The team discusses what coverages and structures may be suitable, provides relevant domicile information, addresses intercompany investment opportunities, provides estimates of start-up costs and ongoing expenses, and provides a step-by-step implementation program. At the conclusion of our study, a company should have a thorough understanding of our recommended captive program. Ultimately, the feasibility study can help guide the client in determining if a captive is an appropriate "fit" for their company.

For many companies, it is necessary to balance the potential benefits of a captive against the potential costs prior to a commitment with Captive Advisory to perform a detailed feasibility study assessment. Marsh offers a Pre-feasibility Study, designed to help develop the company's understanding of potential captive structures and the possible applicability to their organizations, and determine if a captive may provide advantages as part of their risk financing and business strategies. By providing the company with an initial review of the potential benefits and value associated with captives, as well as the costs of channeling its insurance through a captive insurer, management can determine if the feasibility study assessment and implementation plan is necessary or if it makes sense to move forward with captive formation immediately.

Strategic Review

A Strategic Review is an invaluable tool, designed to help determine the benefits and disadvantages provided by a company's existing captive structure. We can explore whether the captive's structure, coverages, tax status, investment portfolio, and domicile remain the most efficient mechanisms by which any insurance loss-cost that is retained within the group can be financed going forward. New coverages, "hot topics" and trends in the insurance industry, new tax rulings, emerging domiciles, and the costs and benefits associated with each are generally addressed. The strategic review can be helpful as a captive "check-up" after 3-10 years of operation.

The Captive Advisory team can narrow the scope and investigate specific topics of interest to clients. A Mini-Strategic Review, if done every few years, can help determine if the captive is on track, whether it is operating efficiently, and whether it is financially viable.

PEMA Review

We also work with the Marsh PEMA Practice to assess the health of a captive whose parent is being acquired or merging with a Marsh PEMA client, who will then gain ownership of the captive. Our PEMA Review typically includes: A review of the captive's financial performance (including a review of the balance sheet, investments, loans/ loanbacks, collateral, capitalization, solvency and liquidity), a domicile review, a tax update, potential investments and alternative investments for the captive, possible future business opportunities for the captive, and potential close down options for the captive (if appropriate).

For more information on these and other solutions, visit www.marsh.com or contact Arthur Koritzinsky at (212) 345-3664 or Arthur.G.Koritzinsky@marsh.com

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