



Convert Self-Insured Risks Into Tax-Deductible Premiums

Most business owners unknowingly self-insure a large number of risks. These risks include the many hidden risks that are inherent in the operations of any business, as well as the many risks that are excluded by conventional insurance policies. For example, one of our steel service center clients insures against the political risk associated with trade sanctions affecting its supply chain. Another in the oil service business insured against governmental actions which could adversely affect its business such as a drilling moratorium.

One benefit of owning your own captive insurance company is the opportunity to pre-fund on a tax deductible basis a comprehensive range of future losses. With a captive, otherwise currently non-deductible, self-insured risks can be covered by tax-deductible premiums paid to a captive. If insurance claims are lower than projected, the captive retains these underwriting profits that can be distributed to its owners on a tax advantageous basis, or used to pay other claims.

Operating businesses are only allowed to deduct losses as they occur. In contrast, insurance companies are unique in that they are able to currently deduct future, unspecified losses. With a captive insurance arrangement, those reserves are available to fund future losses, or in the event that the loss does not occur, the profits can be distributed to the captive's owners. Meanwhile the captive has a wide range of investment opportunities.

Very truly yours,

Stewart A. Feldman, CEO
Capstone Associated Services, Ltd.
(713) 800-0550

Capstone is the largest and most integrated outsourced provider of captive insurance services for the middle market.

We provide turnkey services for owners of captive insurance companies, enabling our closely-held clients to participate in alternative risk planning.

Our turnkey services include all aspects of designing, forming, and administering captive insurers, through to their wind down and liquidation.

Capstone enables its clients to focus on their underlying businesses, while engaging us to lead an outsourced team to manage the regulatory, financial and tax aspects of alternative risk planning.

Today, captives are the premier risk management and risk-financing tool for middle market companies. To learn more about captive insurance and protecting your business, please contact Capstone at 713.800.0550.



Now Offering Delaware Domiciled Captives.