

AN INSURANCE ALTERNATIVE *YOU CONTROL*

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March 21, 2018

WHY A CAPTIVE?

**AN ALTERNATIVE
GIVING YOU CONTROL**

**RETURN OF
UNDERWRITING
PROFITS**

**DEDICATION TO
SAFETY**

**CONTROL OVER
YOUR CLAIMS**

C&B CAPTIVE CREDENTIALS

- 7 Member-Owned Group Captives since 1993
- Currently over 232 members
- More than \$187 million of premium
- Over \$131,000,000 in dividends returned
- 99% Retention
- Administer the two largest transportation captives in the world
- Expert claims administration
- Proven safety services
- Network of resources



AN ALTERNATIVE RISK SOLUTION GIVING YOU CONTROL

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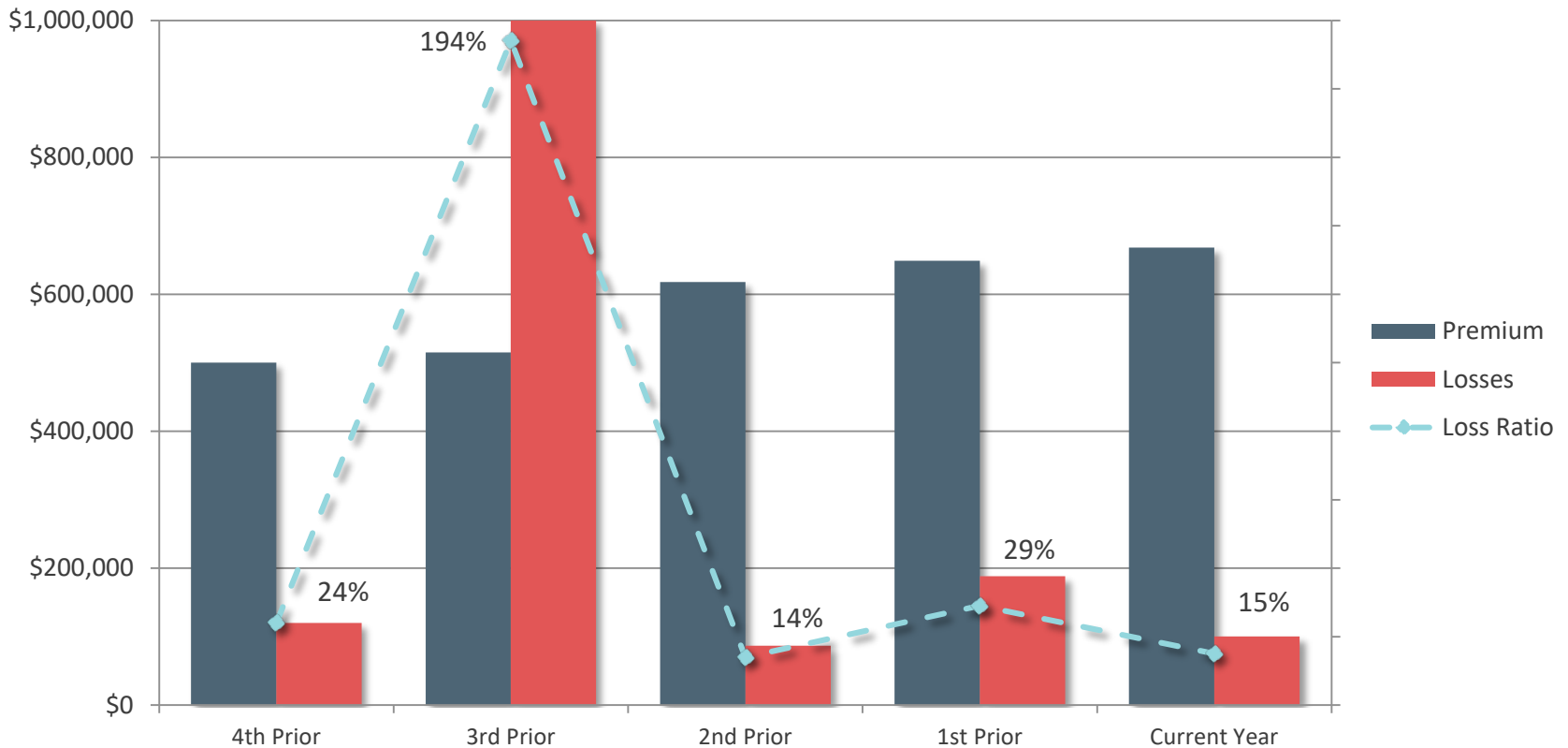
**CONTROL OVER
YOUR CLAIMS**

THE STANDARD MARKET DILEMMA

THE STANDARD MARKET DILEMMA – BETTER OFF SELF-INSURING?

50% historical loss ratio = Insurance Company Profit

Premiums vs. Losses

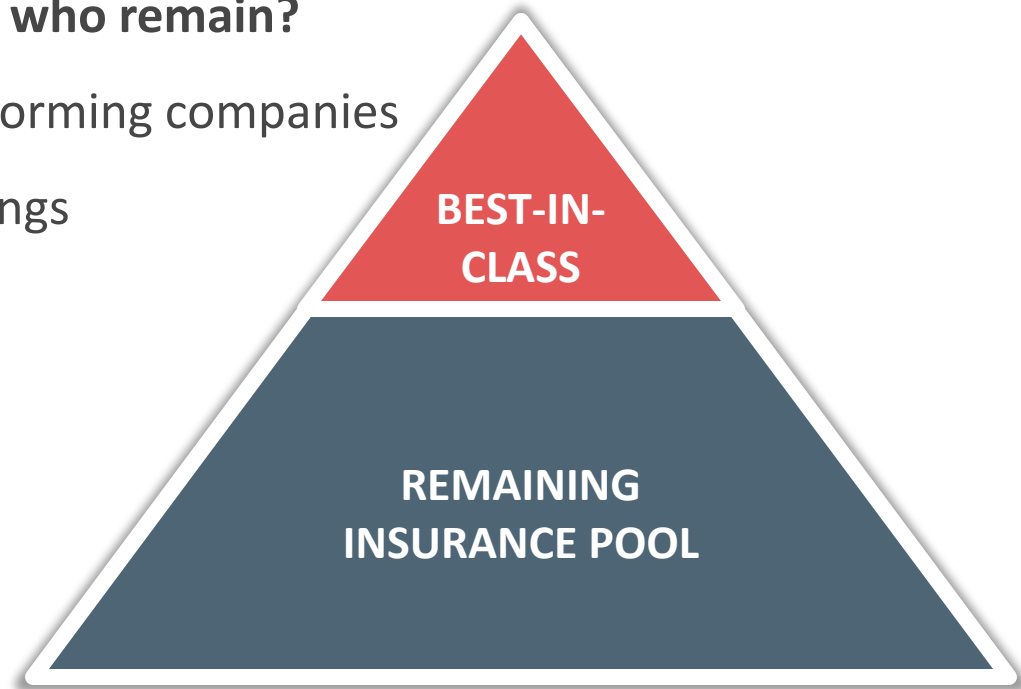


THE STANDARD MARKET DILEMMA – ADVERSE SELECTION

Best-in-class companies are leaving the standard market!

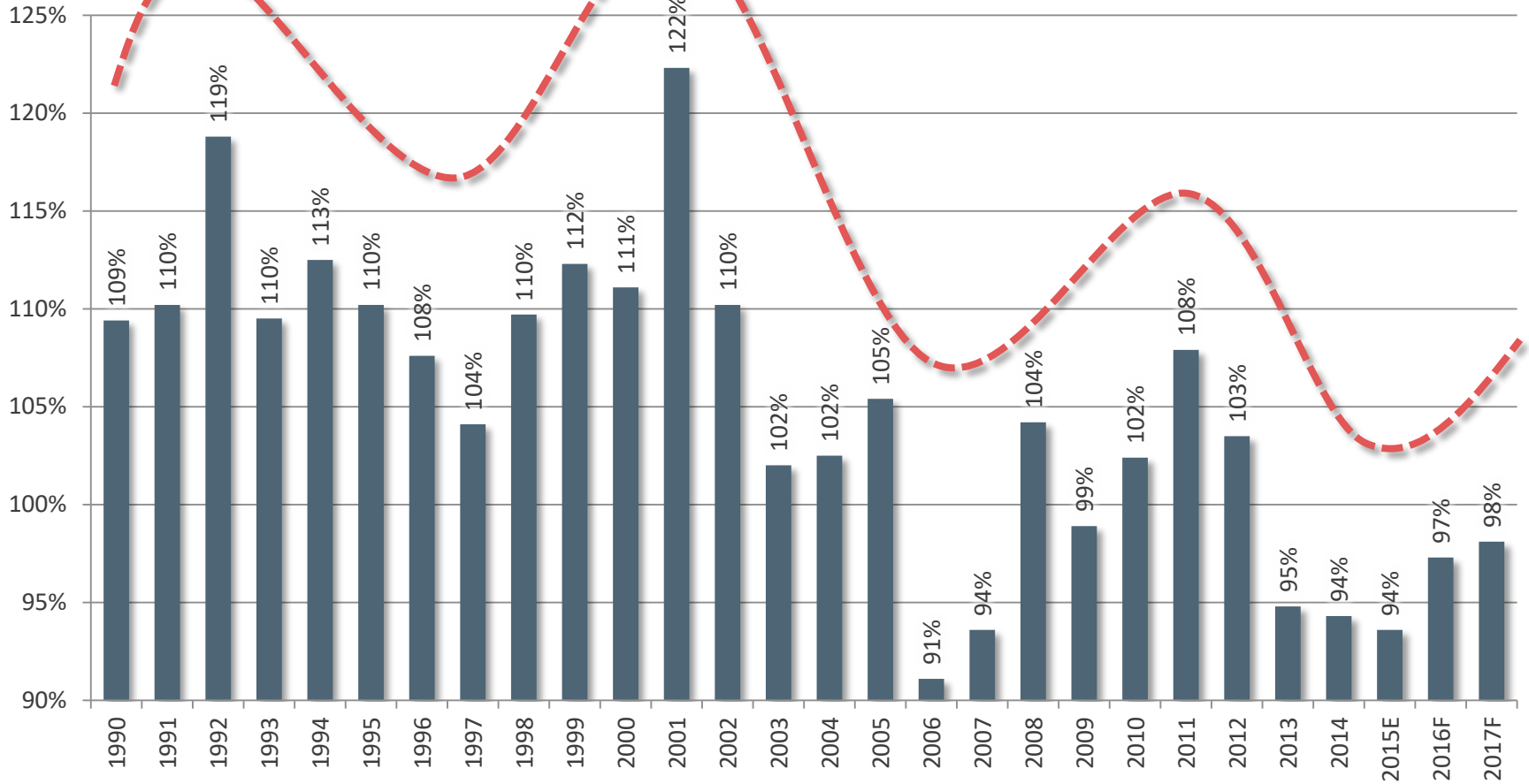
What does this mean for those who remain?

1. Pooled with the worse performing companies
2. At the mercy of market swings
3. Increased insurance costs
4. Loss of control



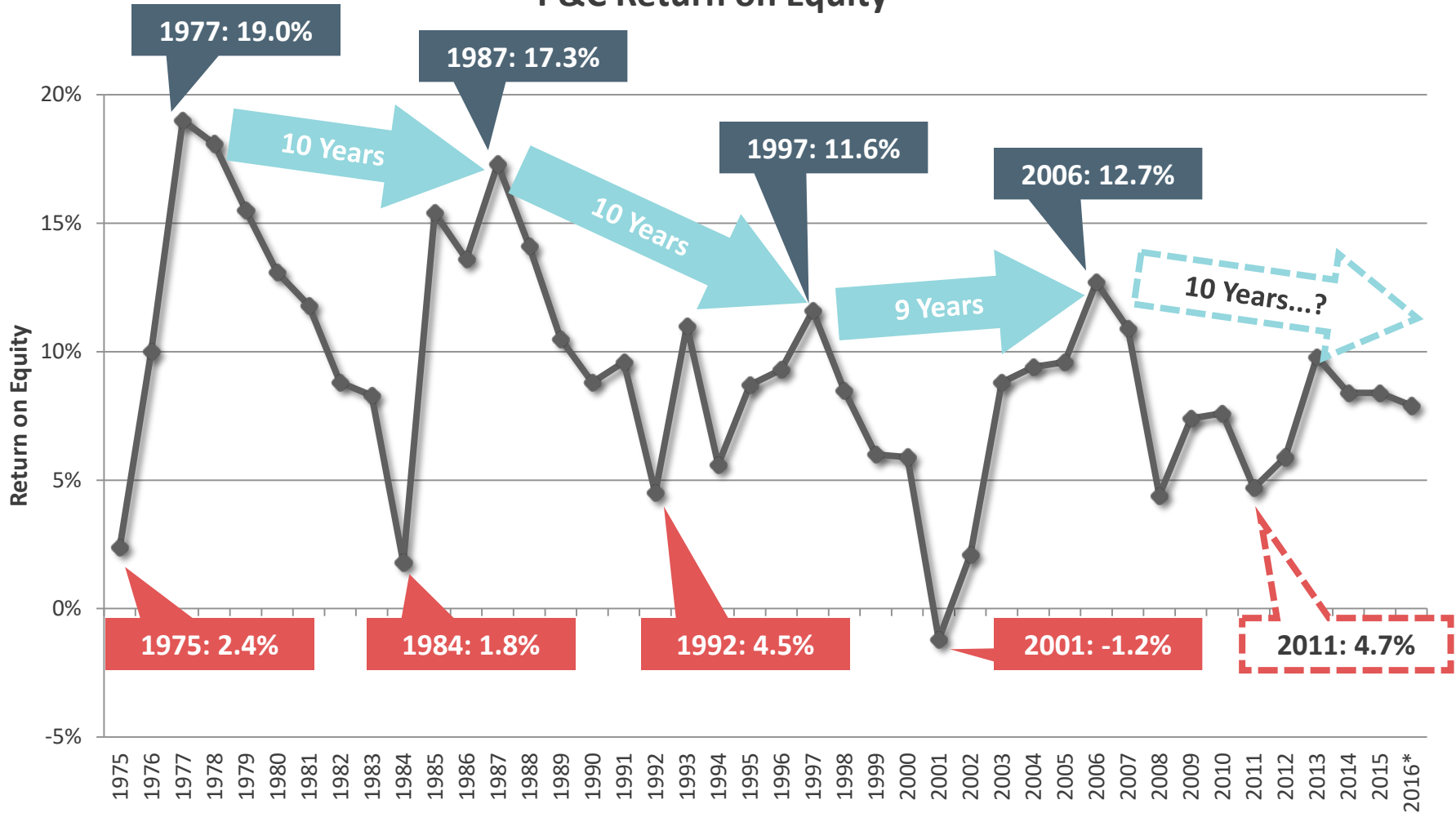
THE STANDARD MARKET DILEMMA – STABILITY?

Commercial Lines Combined Ratio



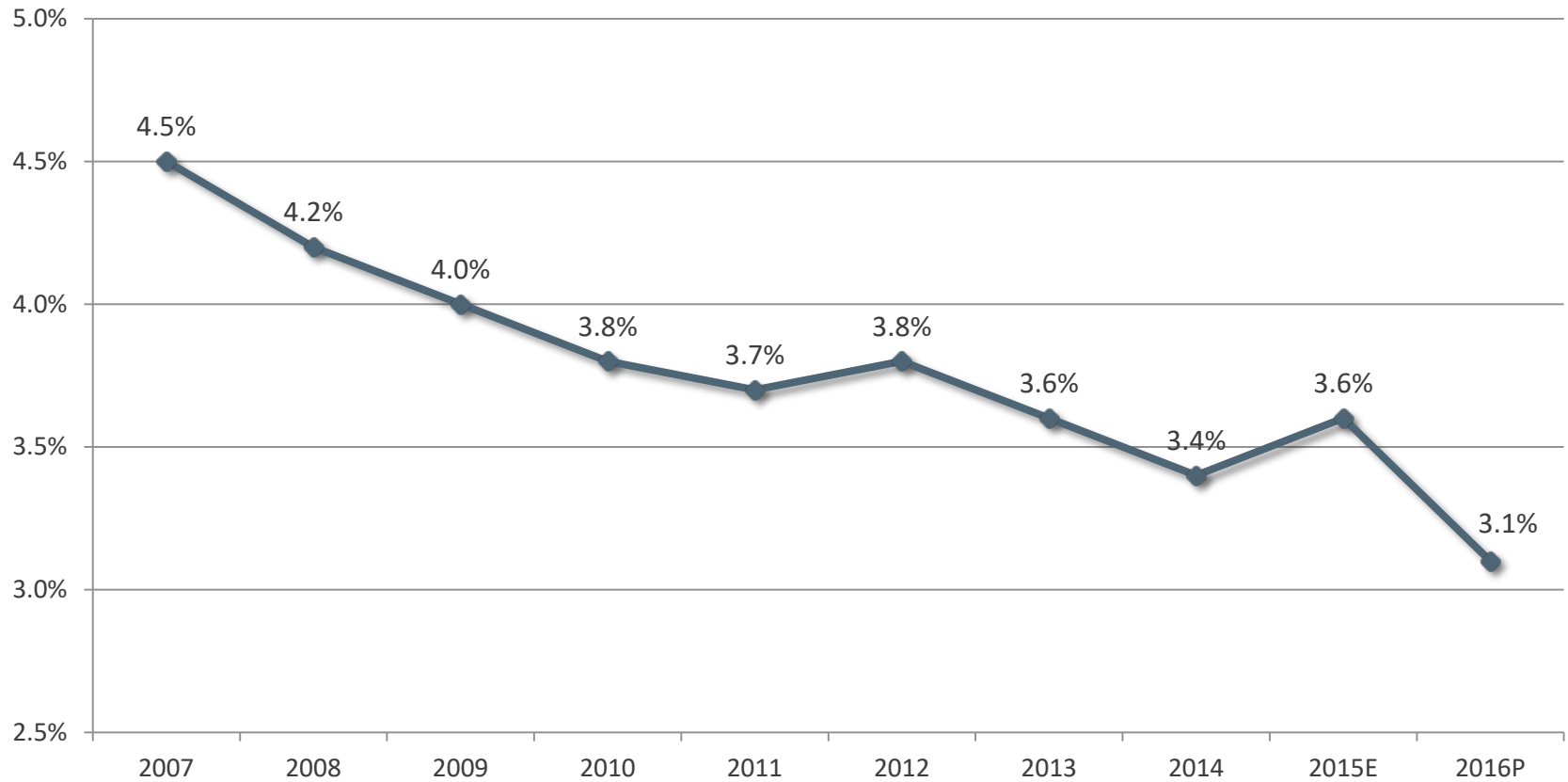
WHAT LIES AHEAD? PROFITABILITY PEAKS & TROUGHS

P&C Return on Equity



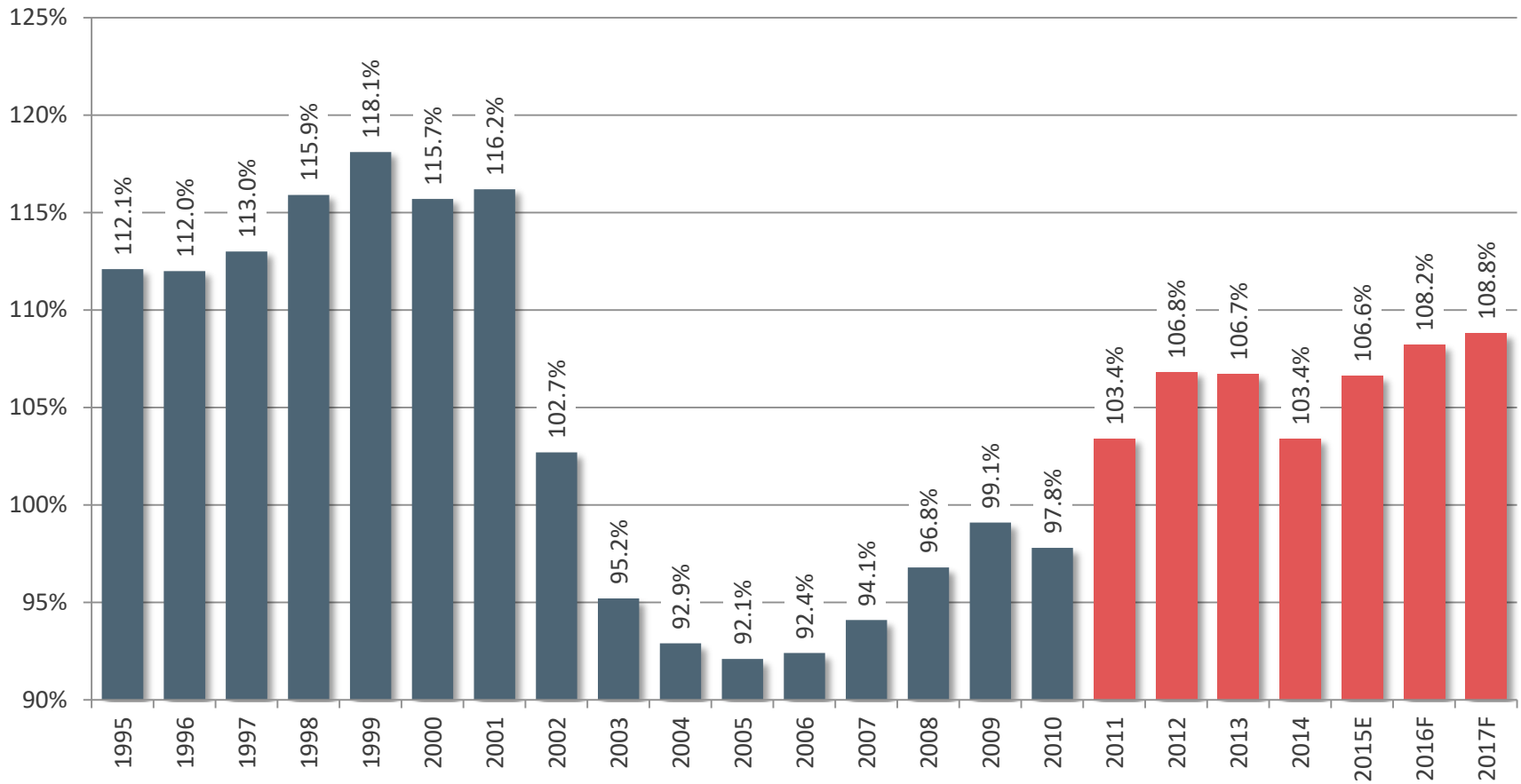
WHAT LIES AHEAD? DECREASING INVESTMENT YIELDS

P&C Net Investment Yield



WHAT LIES AHEAD? COMBINED RATIO – AUTO LIABILITY

Commercial Auto Combined Ratio



BEATING THE STANDARD MARKET

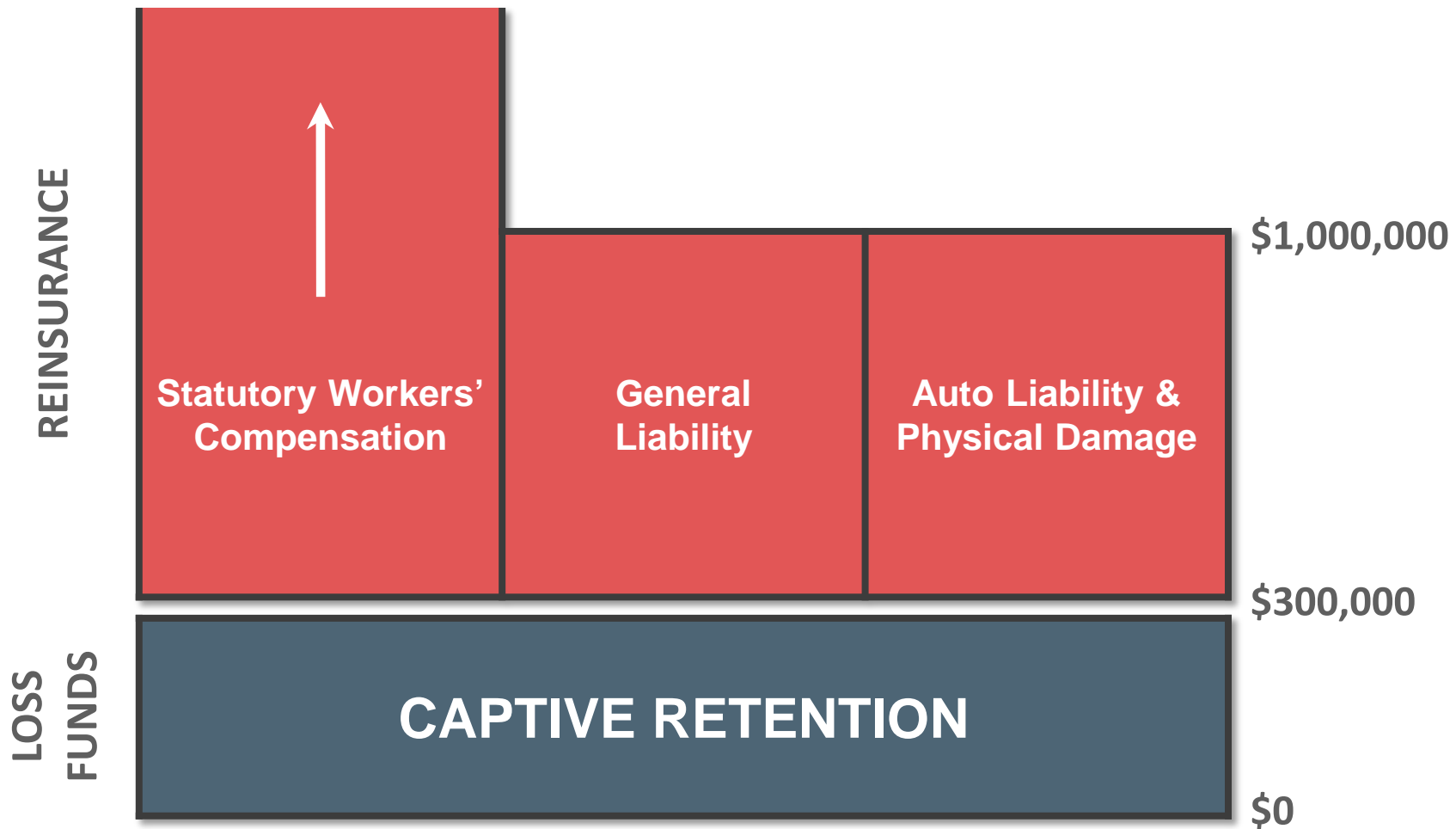
HOW DO YOU BEAT THE WAVES OF THE STANDARD MARKET?

Buy Less Insurance

1. Self-Insure
2. Large Deductible
3. Single Parent Captive

4. **GROUP CAPTIVES**

BUYING LESS INSURANCE IN A GROUP CAPTIVE



THE PHILOSOPHY OF THE CAPTIVE RETENTION

RETAIN frequency type losses that are more predictable

Frequency type losses can be controlled though:

- Effective Safety Program
- Effective Claims Management

TRANSFER severity type losses that are less predictable

Severity type losses can be controlled though:

- Reinsurance Protection
- Group Risk Sharing

CAPTIVE RETENTION: ABILITY TO REDUCE INSURANCE COSTS



OPERATING COSTS

OPERATING COSTS

- Reinsurance
- Claims handling fees
- Broker commissions
- Other administrative expenses



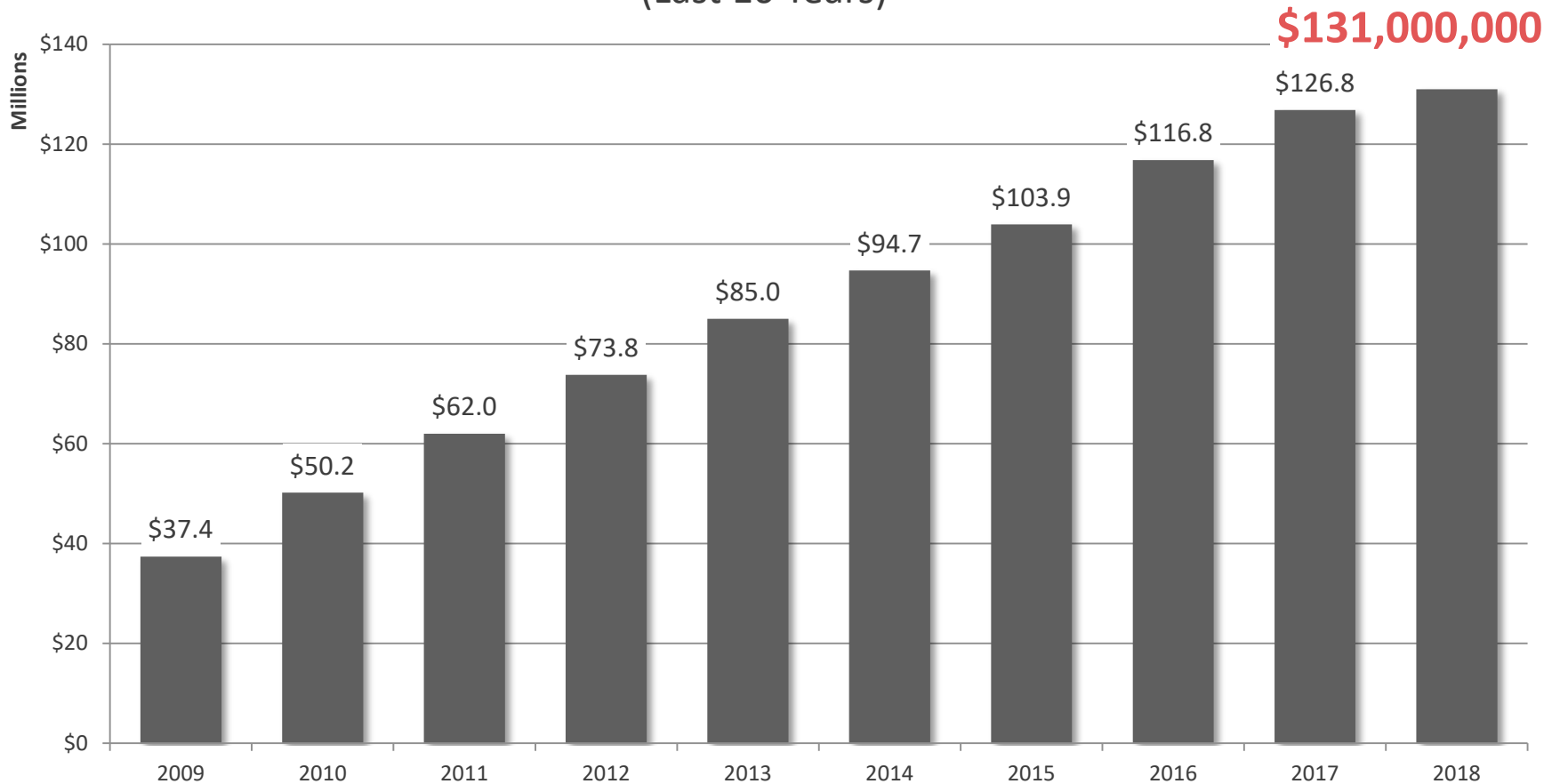
LOSS FUNDS

LOSS FUNDS

- Pay for claims within the captive retention
 - Opportunity to profit
 - Actuarially calculated based on your historical losses

CAPTIVE RETENTION: ABILITY TO REDUCE INSURANCE COSTS

Cumulative Dividend History (Last 10 Years)



FAVORABLE SELECTION – GROUP PURCHASING POWER

What does this mean for captive members?

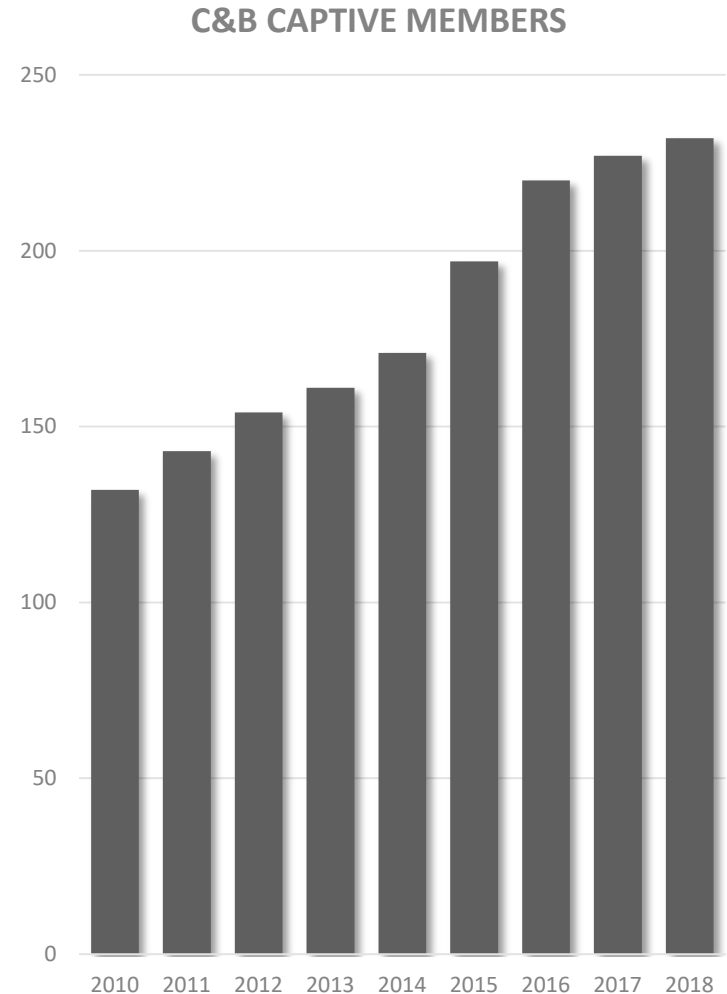
1. Pooled with best-in-class companies
2. Group purchasing power
3. Pricing stability
4. Greater control



IS A CAPTIVE RIGHT FOR YOU?

- Is your company stuck in the Standard Market Dilemma?
- Do you realize there is a better way of purchasing insurance?
- Do you want to join a group of best-in-class companies and take back control?

IF THE ANSWER IS YES, JOIN THE 230+ CAPTIVE MEMBERS WHO HAVE ALREADY TAKEN CONTROL OF THEIR INSURANCE DESTINY WITH COTTINGHAM & BUTLER.



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QUESTIONS?

2018 Captive Webinar Series

- **May 17** – Take Control Over Your Claims
- **July 11** – Group Captive 101
- **September 13** – A Continuous Dedication to Safety
- **November 14** – Earn Dividends On Your Premiums



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