Captive Insurance Consulting and Management Services

Captive insurance companies are often overlooked as a strategic initiative by finance and tax professionals. For example, natural disasters are easy to understand and relate to. But what about the risks business owners must consider every day, such as cyber-warfare, workplace safety, trade and goodwill within the multimedia landscape, or even economic challenges resulting from a global pandemic?

Creating a captive insurance company allows business owners to participate in alternative risk management—a form of risk retention for perils not efficiently covered by commercial insurance. Once established, the captive operates like any commercial insurance company and is subject to state regulatory requirements, including reporting, capital, and reserve requirements. However, the insurance premium dollars are retained within the business enterprise or the same “economic family,” potentially increasing investment income on unpaid loss reserves, capital, and surplus.

The federal courts have ruled that a captive insurance arrangement will be respected as a bona-fide insurance for purposes of federal income tax treatment, if the risk transferred is one of economic loss that is not merely an investment risk or inevitable future cost of the insured. But intense scrutiny of the captive structure, particularly around the treatment of tax, dictates that the structure be properly constructed. Only companies that identify and insure true insurance risks, which are actuarially priced, will ultimately enjoy the significant financial benefits afforded to captive owners.
The Ryan Advantage

Ryan provides the qualified and comprehensive support required to create and manage a well-structured and credible captive insurance company. Our experience has been recognized by a U.S. Captive Services Award, the annual designation bestowed upon a select group of professionals providing innovation, commitment, and expertise in various captive insurance-related disciplines.

Throughout the engagement, we assess client data and business goals and assist clients in determining the viability of a captive based on costs and benefits. Based on these findings, we build a detailed captive business plan to meet required regulatory standards, strategically selecting and implementing the best structure to meet our client’s unique risk management needs. We coordinate with third-party actuaries who assist clients in designing appropriate insurance coverages for their businesses, as well as third-party administrators, as required. Our professionals stay involved through the entire process required to incorporate and license a captive, including:

- Preparing and filing all applications for regulatory compliance
- Ensuring the captive structure aligns with your alternative risk management needs
- Coordinating underwriting and actuarial support
- Providing ongoing operational support, accounting, and oversight and support of claims administration
- Coordinating for the preparation and filing of all necessary tax returns for the captive insurance company

About Ryan

Ryan, an award-winning global tax services and software provider, is the largest Firm in the world dedicated exclusively to business taxes. With global headquarters in Dallas, Texas, the Firm provides an integrated suite of federal, state, local, and international tax services on a multijurisdictional basis, including tax recovery, consulting, advocacy, compliance, and technology services. Ryan is an eight-time recipient of the International Service Excellence Award from the Customer Service Institute of America (CSIA) for its commitment to world-class client service. Empowered by the dynamic myRyan work environment, which is widely recognized as the most innovative in the tax services industry, Ryan’s multidisciplinary team of more than 2,800 professionals and associates serves over 16,000 clients in more than 50 countries, including many of the world’s most prominent Global 5000 companies. More information about Ryan can be found at ryan.com.