



Captive Insurance Companies

Putting You in Control of Lowering Your Total Cost of Risk

Innovative Options for Transferring Risk

Struggling with General Liability insurance for completed work?

It's time to consider a captive.



If you are experiencing difficulty with your general liability insurance coverage, you're not alone. Many insurance providers have simply chosen to no longer offer general liability coverage for companies engaged in any type of residential construction.

Even underwriters that continue to offer residential construction general liability insurance have substantially increased premiums while modifying their policies to reduce coverage. This challenge has forced many homebuilders, general contractors and developers to investigate alternative methods to finance their risks, especially those associated with completed operations and construction defects. Many builders are now turning to captive insurance companies as a viable way to control costs.

Not Just for the Big Guys

While it may sound daunting, a captive is simply a closely held, special-purpose insurance company designed to collect premiums and provide coverage to a parent

organization. Captives have been around since the early 1970s and have been used by many large publicly held construction companies due to their significant cost savings and operational control benefits. In today's highly competitive, margin-driven market, captives have proven effective for many regional builders with annual revenues as low as \$75 million.

So how can you tell if a captive is right for you? Beecher Carlson can help you determine the best approach.

The Beecher Carlson Advantage

Beecher Carlson's 25 plus year history with captive design and management for homebuilders delivers an exceptional advantage. We provide captive expertise that is:

- **Customized** – We work with homebuilders and contractors to create the most efficient and economically feasible method to solve their specific insurance cost and coverage issues.
- **Coordinated** – We combine the use of captives with insurance or reinsurance to create the most comprehensive programs.



• **Construction-Specific** – Our team has specific residential construction insurance knowledge, which is critical to helping clients realize all the benefits of a captive.

• **Comprehensive** – In addition to solving general liability problems, we can structure captives to provide additional coverage for issues such as home warranty, builders risk and excess coverage. Plus, we can recommend policies that cover gaps in previously purchased general liability policies.

Work with the Experts

Beecher Carlson is recognized as an industry leader in the captive and alternative risk financing market. Our construction captive specialists provide expertise in all aspects of captive management, including program design, reinsurance and fronting placement, risk management and claims management.

Whatever specific insurance challenge you may have, Beecher Carlson can show you how to reduce premiums, capture investment income, customize coverage and get a better handle on your overall insurance program.

Compare for yourself. We think you'll agree. It's time to consider a Captive.

Traditional Insurance <i>With \$250K SIR</i>		Insurance using a Captive	
Annual Premium	\$1,000,000	Premium paid to captive	\$600,000
Excess Premium	\$400,000	Excess premium	\$400,000
Annual losses paid <i>(additional out of pocket)</i>	\$200,000	Annual losses paid <i>(funds come from captive)</i>	\$200,000
Total annual cost	\$1,600,000	Total annual cost	\$1,000,000
Investment income	\$0	Investment income	\$20,000
Surplus funds	\$0	Surplus captive funds	\$400,000
Net Annual Cost	\$1,600,000	Net Annual Cost	\$580,000
		Annual Savings	\$1,020,000
		5-Year Savings	\$5,100,000
Plus considerable tax savings!			
Let Beecher Carlson put you in control with a captive.			

You want more control of your coverage and costs.
Beecher Carlson can help. Call us today.



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www.beechercarlson.com