

# RIMS WESTERN REGIONAL CONFERENCE

RISK MANAGEMENT ELEVATED



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The Hythe, Vail Colorado



[www.RIMSWesternRegional.com](http://www.RIMSWesternRegional.com)

*Mindset Shift from Buyer to a  
Captive Insurance Owner*



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# Key Objectives

- 1: Essentials you need to know before entering a captive arrangement
- 2: Why develop - and how to develop - an insurance company owner mindset
- 3: Key steps to help decide if a captive is right for your business
- 4: How to build a solid relationship with the front & your underwriters



# Captive Owners Think Differently

- Understanding Insurance Company Operations
- How Competition Impacts Rate and the Affect on Market Conditions
- How to Generate Profits or “How The Industry Works”
- Power of Reserves
- Tax Benefits of Owning an Insurance Company
- Renewals are Not About Beating Up the Underwriter
- Smoother Transactions; Us vs. Them Mentality



# Fronting: It's Just Not A Transaction

- Utilizing Your Front to Maximize Benefits
- Insurance Company Operations
  - Actuary
  - Loss Control
  - Audit
  - Filings
  - Underwriting - Today's Focus



# Utilizing Your Front

- Underwriting is the Most Important Function
- Focal Point of the Transaction
  - Work with All Divisions



# Utilizing Your Front

- Front's Responsibilities:
  - Risk Analysis – Uncovering Exposures (What's Missed Becomes Uninsured)
  - Risk Pricing – Utilizing Actuary to Formulate Proper Premium
  - Access to Reinsurance Markets/Intermediaries, Negotiate Terms
  - Negotiation of Collateral – Helps Influence the Decision
  - Underwrite Future Events – How will they affect YOUR Insurance Company
  - Run-Off – If Needed, Help in Commuting the Program



# Insurance Buyer vs. Insurance Company Owner

- Underwriting is an Asset that Protects Your Assets
- Understanding:
  - Rate Promulgation
  - Reserves and Their Impact
  - Concept of Risk and Reward
- How Taxes are Utilized when Owning an Insurance Company
- **Get to know your front!**





# In Review: Key Objectives and Takeaways

## **Objective 1:**

**Essentials you need to know before entering a captive arrangement**

- Benefits and pitfalls associated with owning your own facility
- Capitalization vs. Collateral
- Financial Strength



# In Review: Key Objectives and Takeaways

## **Objective 2:**

### **Why develop - and how to develop - an insurance company owner mindset**

- Understanding what is a profitable insurance company
- Importance of rate adequacy
- Introducing competition to your captive
- Transition from insurance buyer to owner



# In Review: Key Objectives and Takeaways

## **Objective 3:**

### **Key steps to help decide if a captive is right for your business**

- Key consideration – long-term benefits vs. short-term costs

## **Objective 4:**

### **How to build a solid relationship with the front & your underwriters**

- Front is a resource, not a transaction
- Look to them for experience and wisdom
- Consider the future
- True asset for your captive



# Disclaimer

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# Thank you for attending this session!



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