



# Alternative Funding Solution

## Captive Insurance Program Gives a Lift to Company's Bottom Line

### SUMMARY

Alera Group responded to a request for an alternative to a lifting solutions company's existing insurance program by placing it in a heterogeneous group captive. Company leaders were thrilled with the results.

- Savings of \$300,000-plus in annual fixed costs
- Freedom to use customized safety and training program
- Control of claim process
- Eligibility for dividends from claim savings

Captive Insurance has existed in the United States for decades, and amid a hard market for Property and Casualty Insurance, a captive alternative to traditional carriers can make more sense than ever. Today, most Fortune 500 companies, as well as many midsize organizations, insure themselves through a captive program.

A captive is an insurance company created as a wholly owned subsidiary of a parent company or group of associated companies. Reasons for creating or joining a captive may include cost control, quality of coverage and tax advantages.

### The Client

The client is an award-winning global provider of quality lifting solutions. With nine full-service dealerships across the United States representing the world's top crane and heavy equipment brands, it is one of the most high-profile heavy machinery vendors in the country.

## The Challenge

The lifting solution company had heard about joining a captive insurance program through one of its peers, but its longtime broker did not follow through on providing a captive option. One of the company's customers, an Alera Group client, mentioned how successful its captive had been and introduced the company's CEO to a senior vice president in the Property and Casualty division of our office.

## The Solution

Alera Group's team began by educating the lifting solutions company about how a captive works as a risk-management alternative to insurance through a traditional carrier. When the company was challenged to provide all the information our team requested, the team's leader did the best he could with the information he had and was able to demonstrate to the lifting company's CEO that joining a heterogeneous group captive would save his business several hundred thousand dollars.

The client was so happy with both the Alera Group team's process and its group captive solution that it moved all of its non-captive property and casualty insurance to Alera Group, as well.

## The Result

After a comprehensive analysis of risk data, the client met all of the criteria to participate in a group captive and now saves over \$300,000 annually in fixed insurance costs.

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## Member Benefits

Group captive members are required to meet twice annually. Through these meetings, members of the client's group have benefited from sharing ideas and best practices – regarding not only insurance but all aspects of business.

## Flexibility

Because it is a part-owner of its own insurance company, the client has the freedom to use its own safety and training people, rather than the ones assigned to it by an insurance carrier.

## Dividends

Members of the group captive pay in advance for claims they may experience. If the captive is profitable and members have a good claim experience, they receive a dividend. Given its own strong claim history and the excellent claim experience of its fellow captive members, the client can expect to receive a dividend.

## Control of the Claim Process

Carriers and their insureds sometimes disagree over whether a claim should be paid, but it's the carrier who has the final say. If a member of a captive experiences a claim, it is integrally part of the decision-making process of whether to pay or contest it.

## About Alera Group

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Alera Group is an independent, national insurance and wealth services firm with more than \$1.1 billion in annual revenue, offering comprehensive employee benefits, property and casualty insurance, retirement plan services and wealth services solutions to clients nationwide. By working collaboratively across specialties and geographies, Alera Group's team of more than 4,000 professionals in more than 180 offices provides creative, competitive services that help ensure a client's business and personal success. For more information, visit [aleragroup.com](https://aleragroup.com) or follow us on [LinkedIn](#).

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