

National Network of Accountants

REIMAGINING BUSINESS INSURANCE

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CAPTIVE INSURANCE COMPANIES WERE USED TO OVERCOME PANDEMIC EMERGENCIES FOR BUSINESS!

By William York, VP of Marketing



It seems like only yesterday that CAPTIVE insurance companies were being put down as something to avoid!

And then along came the pandemic! “How things have changed in one short year”.

The demand for alternative insurance coverage has skyrocketed as major insurance carriers denied coronavirus claims resulting in multiple business interruption claims being unpaid. Businesses suffered unimaginable harm and wondering why they had been paying premiums for years and when they needed their insurances companies they were being turned away.

Businesses reacted by suing their insurance companies.....across America, we saw lawsuits from businesses that believed in the commercial insurance system to protect them from unexpected incidents.

Commercial insurance companies responded by dropping clients participating in the lawsuits and then began raising rates and either dropping or changing definitions on many policies.

As the pandemic continued, insurance companies tightened their belts.

Across the board umbrella policy pricing increased. General liability, D&O Coverage, credit insurance and many lines of coverage saw price increases.....AND BUSINESSES CLOSED.

Meanwhile the threat continued, and businesses need to review their alternatives.

This is more obvious today and will be exacerbated as the losses mount from the snows blanketing Texas and the rest of the country!

The demand for alternative insurance options are rising and informed advisors turned to CAPTIVE INSURANCE COMPANIES as their safety net.

Soon they realized that captive insurance companies were real, they must meet NAIC (National Association of Insurance Commissioners) standards...having claims paying ability, adequate reserves and long-term financial strength.

That Captive Insurance Companies are controlled by individual state governments and currently 42 states, the District of Columbia and the U.S. Virgin Islands regulate captive insurance companies and hold them to high standards to protect participating businesses. If Fortune 500 and other large companies.....all of the Dow 30 and 90% of the Fortune 500 companies have established and relied on captive insurance companies, it's time to look at this sixty year old option and its attractiveness in being able to tailor insurance, rather than relying on coverage from mainstream commercial insurers.

It's time for a more prudent advisory insurance service approach.

There has not been one Captive Insurance Company that has followed the guidelines set by both the federal and state governments that has been disallowed when audited!

Captive Insurance Companies are not burdened by large corporate overhead or excessive sales commissions.

Today, is more demanding than at any time in history, and operating in the current business environment, businesses are finding hazards hiding around every corner. **It's time to rethink yesterday's way of doing business.** It's time to be prudent, accept the new order and prevent future economic uncertainty. It's time to proactively identify business risk and consider structuring business affairs to manage risk in a holistic, tax efficient manner.

Risks are not going away, and neither is uncertainty. Every day is becoming more difficult. Things are changing at a rate which are difficult to comprehend. Thirty years ago, computers were a beginning industry. Ten years ago, the average person had no idea what a Tesla was? Imagine the satellite industry dominated by private industry not NASA? Five to six new products are pitched on Shark Tank each week! Business attire has changed.....where did all the men's ties go? Paper maps are gone! Amazon, Apple, Facebook, etc....it's difficult to conceive but it is true! **With all this change, insurance hasn't changed in the mind of many businesses.**

Businesses need a well thought out plan that weighs all their options so that their businesses do not have to settle for high expenses, lack of control, lack of flexibility and uncertainty as a norm.

Reevaluating commercial insurance is necessary if a business wants to build a culture consistent with today's requirements. Businesses cannot cling to traditions that have become obsolete. Research shows that when businesses stick to dominant norms, businesses are doomed to stagnation. To fight that inertia and drive forward, leaders need sustained original thinking in their organizations. 2020 was classical and demonstrated that nineteenth century thinking is a path to failure for too many businesses.

It is time to think, develop a keen sense of purpose and act, accordingly, lean on proven historical examples, consider.... BlackBerry

After disturbing the smartphone market, senior leaders maintained their belief that users were only interested in efficient and secure e-mail.

They dismissed the iPhone as a music player and a consumer toy, hired like-minded thinkers who had engineering backgrounds who lacked vision and imagination. Stuck with the classical vision and ultimately failed to create a high-quality web browser and an app-friendly operating system.

The result? A major downsizing, a billion dollar write off and a colossal collapse of market share.

Now is the time to re-engineer your commercial insurance and enter into the next generation of business protection, similar to the path that most Fortune 500 hundred businesses have proven works more effectively than yesterday's thinking.

It's time to listen to a wider range of insights than you normally hear. This is the key to promoting great original lasting businesses.

It's time for a cultural shift to greater success in your business.

Let the National Network of Accountants and their related CPA partners show you a more prudent methodology for success!

For additional information, please contact....

The National Network of Accountants, to learn how to get started.

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