

THE PREFERRED PROVIDER TO THE MOST TRUSTED ADVISOR

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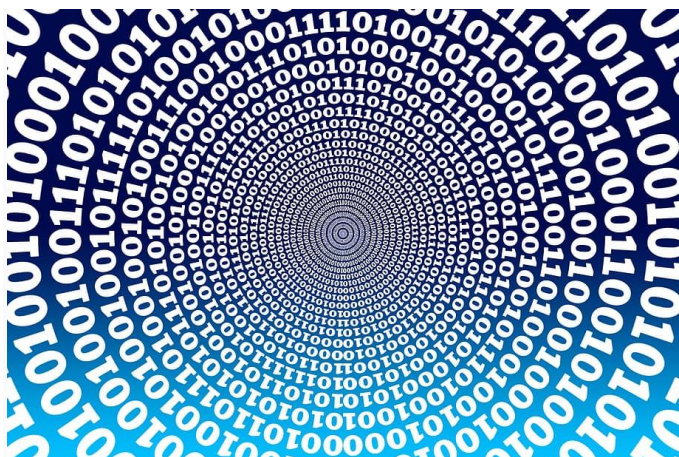
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THE PROOF IS IN THE DATA



By William York, VP Marketing

Many business persons view captive insurance companies as a relatively new phenomenon. Historically, there is evidence of the first captives originating in both New London, CT and Norwich, CT when sea captains and textile mill owners formed their own captive consortiums. This dates back to the 1840's making captives anything but "new."

During the last 30 years, the captive insurance industry has seen exponential growth as business owners have realized the captive benefit in the areas of: risk management, insurance savings, wealth transfer and tax advantages. Today, nearly all major corporations utilize captives and take advantage of the numerous benefits they provide.

Data is more than just numbers. It's a rich source of powerful stories and the important role played by

our service organization. Data is a constant reminder that what we do every day matters.

Do you recognize the following names?

AGP Services Corp

Midtown Insurance Company

ESB Insurance Company

C & F Insurance Company

These are the names of Captive Insurance companies established by well recognizable businesses in the local area:

PC Richard & Sons, Inc.

The New York Times Company

Empire State Building

Americana Manhasset

The data we gather helps us to create insights about the use of Captives and the key factors as to why many middle market companies are now adopting Captives at a higher rate than ever before. Today, this data helps us provide answers.

A Captive Insurance Company is an official insurance company that is OWNED by the BUSINESS OWNER. A majority of business owners never considered going into the insurance business until after reviewing all the relevant data regarding

the creation of their own insurance company. Our data suggests that mid-market business owners today understand the importance of financial control, the power of objectivity and the value of customized solutions. The use of Captives today has become so widespread that more than 36 states, the District of Columbia and the U.S. Virgin Islands have enacted legislation.

The data is compelling. Sophisticated taxpayers are realizing the risk management, insurance savings, wealth transfer and other tax advantages of owning a captive insurance company. Warren Buffet, one of the world's greatest investors, called the insurance business a "license to print money." He is certainly an example of *making* money in the insurance business.

Our data also suggests that most business owners start out pondering four key questions:

- 1) Do I have risk that is serious enough to impact my business operations? Could this risk destroy what I have created? Perhaps it is the loss of a key customer, key employee, a large legal expense, fear of changes in government legislation, unfair competition, etc.
- 2) Is there a way of creating additional tax deferrals and perhaps even a conversion strategy? Why do so many wealthy individuals pay so little in taxes while my rate is so much higher? What do they know that I don't?
- 3) How do I protect the assets that I have created. As we live in a litigious society, what can I do to protect what I have worked so hard to create. McDonald's was sued over a cup of coffee!!
- 4) How do I pass on to my family what I have created? How can I enhance my future estate planning? Government taxes are onerous and most businesses do not survive 3 generations!
- 5) I am at the mercy of the banks. How can I create an inexpensive source of capital? Where can I access capital at favorable rates to expand and not burden my business?

We are passionate about assisting mid-market business owners in helping to manage what are daunting challenges. So many questions. Our data has the answers.

We believe that to make a positive difference you need to see hindsight as foresight, flexibility as strength and data as power.

"In the business world, the rearview mirror is always clearer than the windshield." –

Warren Buffett



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