

# THE PREFERRED PROVIDER TO THE MOST TRUSTED ADVISOR

Volume 6, Issue 8

August 2025

National Network of Accountants, 6900 Jericho Turnpike, Syosset, NY 11791  
www.nnaplan.com E-mail address: [kathycaridi@nnaplan.com](mailto:kathycaridi@nnaplan.com)

## Reimagine Your Risk: Why It's Time to Shift from Insurance Buyer to Insurance Company Owner



By Joseph W Tucciarone, CEO National Network of Accountants

If you're like many business owners, you've watched your commercial insurance premiums rise over the past few years—while your coverage has simultaneously shrunk. You may have even wondered: *Where does all my premium money go?*

Here's the reality: the traditional commercial insurance model is built to benefit the insurance companies—not necessarily the policyholders. But there is an alternative path that more and more business owners are now taking: becoming the insurer.

Welcome to the world of **captive insurance**—a powerful strategy once reserved for the Fortune 500, but now accessible to closely held and mid-sized businesses across the country.

## The Shift: From Buyer to Owner

For decades, large corporations have used private (or “captive”) insurance companies to self-insure certain risks. These companies form their own licensed insurance entities to retain profitable layers of risk while transferring catastrophic exposures to the commercial market.

The result? More control, better cost-efficiency, and the ability to build long-term capital inside their own insurance structure.

In fact, over **90% of Fortune 500 companies** now operate captive insurance companies—and for good reason. But today, thanks to changes in state laws, cost reductions, and technological advancements, captives are no longer just for the biggest players.

## Why Now?

Let's take a closer look at what's happening in the insurance marketplace:

- **For 12 consecutive quarters before the pandemic**, commercial insurance premiums increased across nearly every line of coverage.
- **During and after the pandemic**, insurers pulled back coverage, raised deductibles, and added exclusions.
- **Post-pandemic**, market hardening has continued—and many business owners feel they're paying more and getting less.

At the same time, **many U.S. states have passed legislation** making it easier and more affordable to establish and operate captive insurance companies domestically. That means your business may no longer need to go offshore or spend millions to benefit from this strategy.

## Captives vs. Commercial Insurance

To put it simply:

- **Commercial insurance** = Paying premiums to someone else, often with little to no claim benefit in return.
- **Captive insurance** = Retaining profitable risk layers, building reserves, investing surplus, and owning your own risk management strategy.

### Consider these facts:

- The **average commercial insurance company operates with 40%+ overhead**—including executive salaries, sales commissions, and advertising. These costs are baked into your premium.
- When you own a captive, **you control the surplus, the claims handling, the investment decisions, and the vendor selection.**
- With commercial insurance, if you file a claim, your premiums may go up.
- With a captive, **claims are handled with your company's best interest in mind**—not the insurer's profit margin.

### A Holistic Approach to Risk

Captive insurance doesn't mean you eliminate all commercial coverage. Instead, it means you take a **layered and strategic approach**:

- Retain the predictable, manageable risks that your business understands.
- Transfer catastrophic exposures to a commercial carrier.
- Use actuarial support to price coverage and establish reserves.
- Build wealth and protection inside a regulated insurance entity.

This hybrid model—sometimes called a **public/private risk partnership**—is transforming how businesses approach risk.

### Who Should Consider a Captive?

Captive insurance isn't for every company, but it may be a fit if:

- You pay \$500,000 or more annually in insurance premiums
- You have consistent and predictable loss patterns

- You operate in a high-premium or hard-to-insure industry
- You're frustrated by limited coverage options or exclusions
- You want greater control over claims and risk strategy
- You're looking for a long-term business asset and financial tool

### The Role of the CPA + NNA

Captive insurance is not a do-it-yourself strategy—it requires collaboration between accountants, risk managers, actuaries, and regulatory professionals.

That's where the **National Network of Accountants (NNA)** steps in.

We work directly with your CPA firm to help evaluate, structure, and administer captive insurance companies tailored to your business model. The result is a **coordinated and compliant** approach to risk management and tax efficiency that enhances—not replaces—your CPA's work.

### Final Thought: Control, Not Chaos

Running a business is about two things: **cost and control**. Unfortunately, the commercial insurance market has become increasingly expensive and unpredictable—leaving many business owners frustrated and exposed.

Captive insurance offers an alternative—a way to **take back control** of your risk, improve cash flow, and build long-term business value.

**Reimagine your insurance. Reclaim control. Become the insurer.**

If you'd like to explore whether a captive structure could work for your business, reach out today.



For more information contact:

Kathy Caridi

Phone: 516-629-9044

E-mail: [kathycaridi@nnaplan.com](mailto:kathycaridi@nnaplan.com)

**National Network of Accountants**

**6900 Jericho Turnpike**

Syosset, NY 11791

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