

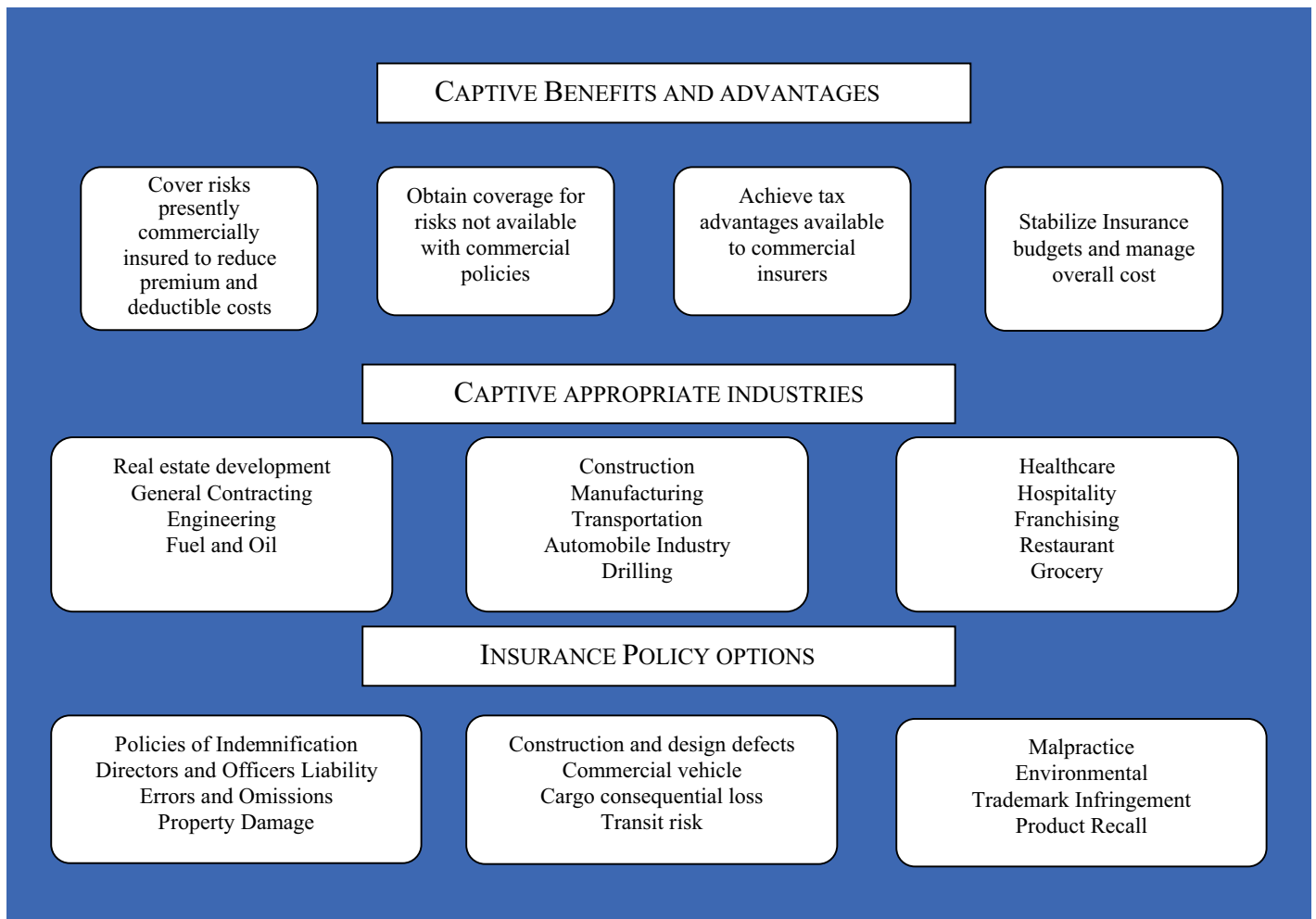


CAPTIVE INSURANCE RISK MANAGEMENT

An alternative risk solution that has been used for decades, utilized by approximately one half of the Fortune 500 companies, Captive Insurance now represents a significant portion of the Insurance market in the United States.

Accepted by the IRS, which announced certain safe harbor designs, Captives function similarly to a commercial insurer. A privately owned Captive assumes the risk of its affiliated insured's by issuing insurance policies in exchange for policy premiums. By the use of a Captive that you or your family members own, your companies can deduct premiums paid to your own insurance company and thereby reduce the taxable income of your companies as well as improve overall risk management.

Active Captive Management simplifies the captive process and provides turnkey management.



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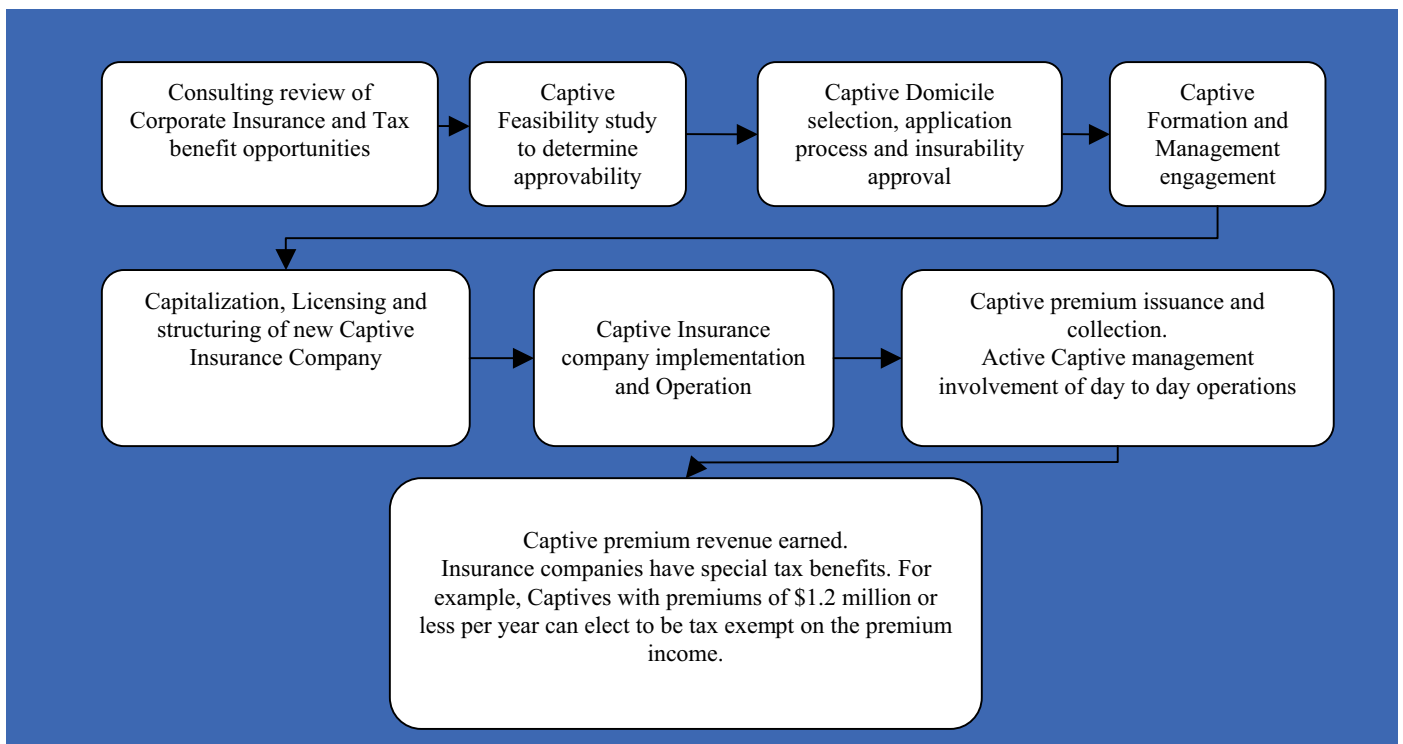
Captive Insurance is a key element in business planning by today's risk managers and strategic planning groups. Owning a Captive Insurance company does not require giving up pre existing commercial insurance yet provides the means to reduce that cost, and extend the range of coverage.

The Captive Design can provide ancillary Estate planning benefits.

Below is a hypothetical Captive scenario with no claims

Captive privately owned – Assets included in estate	\$14,600,000.00
Tax at 45%	\$ (6,570,000.00)
Distribution to Heirs	<u>\$ 8,030,000.00</u>
Captive owned by irrevocable trust (95% X \$14,600.00)	\$13,870,000.00
Estate tax	0.00
Heirs interest in Captive Insurance Company	<u>\$13,870,000.00</u>
Assets included in owners estate (5% X \$14,600,000)	\$ 730,000.00
Estate tax at 45%	\$ 328,500.00
Heirs interest after estate tax	<u>\$ 401,500.00</u>
Heirs interest in Captive under irrevocable trust	<u>\$14,181,500.00</u>
Total estate saving	<u>\$ 6,241,500.00</u>

THE CAPTIVE FORMATION PROCESS CAN BE ACHIEVED IN AS LITTLE AS 60 DAYS OR LESS. ACTIVE CAPTIVE MANAGEMENT PERFORMS A CONCISE PRE-FEASABILITY REVIEW TO ACERTAIN THE APPROVABILITY AND COST EFFECTIVENESS OF A CAPTIVE SPECIFIC TO YOUR BUSINESS GROUP



In accordance with 31 C.F.R. Section 10.35(b), any written tax advice contained in this flyer, or any attachment to it, was not intended or written by the author(s) to be used, and cannot be used, for the purpose of i) avoiding penalties that may be imposed on any taxpayer under the Internal Revenue Code, or ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein, including any attachments hereto.

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