



# ALINK

Captive Insurance Services

## Owning Your Own Insurance Company

As a business owner, the word “insurance” makes you cringe as you are paying hundreds of thousands of dollars if not millions of dollars toward insurance premiums. Why would you want to pay more?

What if you were paying millions of dollars to **YOUR OWN** insurance company to insure risk that is currently uninsured, uninsurable, or self-insured and / or you are paying to a third party? You should consider owning a Captive Insurance Company; and not just any Captive Insurance Company (aka CIC), an 831a or 831b captive insurance company.

**What a CIC is:** A CIC is a risk management solution to help companies just like yours reduce risk, increase profits, and maintain proper cash flow for your business. The basic premise from a 30,000 foot view is utilizing section 831a or 831b of the tax code to insure risk up to \$2,650,000 per year, per CIC.

Your insurance company is a risk management and wealth accumulation vehicle. Your company may or may not replace existing lines of coverage. Lines of coverage are selected by the owner(s) of the company and often include: general liability, workman’s comp, accounts receivable, warranty, medical stop-loss, deductibles, directors and officers, enterprise risk and many more. In addition to the insurance coverage there are multiple benefits



of this coverage. All Risk Transfer and Distribution requirements must and will be met. Your CIC will be domiciled in the United States; in the appropriate State based upon coverages selected and timing of implementation.

**What a CIC is not:** Although there are many different types of Captives, a micro-captive is *not* an off-shore, fortune 500 captive that costs millions of dollars to create or maintain. It is not a traditional group captive which is restrictive and difficult to exit. Your Captive insurance company complements and completes your risk management program.

**Is it risky?** Actually a properly created and maintained Captive Insurance Company significantly reduces risk. Here's a typical scenario: a business pays premiums previously paid to a third party to their own insurance company turning premiums into profits, and / or instead of a business setting aside assets "in case" their cash flow is interrupted due to a variety of things like losing a key employee, loss of a key supplier, a pandemic, and a list of other exposures which they are already responsible for, they now formally insure these exposures. You are essentially already self-insuring these risks informally, hoping these losses don't ever occur, and if they do, you take operating assets to pay for the interruption.

A Captive insurance company formally insures these business risks. If, or when, a loss is incurred, **your** Insurance Company pays its pro-rata portion of the claim. If claims are not made, the premiums become surplus, with no tail coverage. Your CIC is now building wealth; considerable wealth that is being funded by assets in a more efficient manner. The wealth or surplus within the CIC is taxed as long-term capital gains rates upon distribution.

We have worked with companies ranging from surgeons to manufacturing companies, construction, technology companies, auto dealerships, salvage yards, property developers, and every kind of business in between. Every profitable company may benefit from implementation of Captive Insurance.

**Insure Risk and Build Wealth!** Your 831b micro-captive will accomplish this. There are multiple benefits of owning **YOUR** insurance company. I look forward to sharing the details and additional benefits and how to fund your long term passion and goals.

Owning your own insurance company is

## **Your Link to Security!**

**Rich Ericson, President**

**ALINK Captive Insurance Services**

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### **About Richard Ericson**

Rich was born and raised in Salt Lake City, played quarterback for Weber State University and coached football at the Division One level for 10 years at Weber State and Utah State Universities. He now coaches individuals on how to invest safely in their retirement plans. Rich's expertise is working with business owners utilizing advanced tax strategies to reduce risk and build tax-favored and tax-free wealth. Rich received his Bachelor's Degree in Communications and his Master's Degree in Education from Weber State University. He is currently licensed to sell Property & Casualty, Life and Health insurance and he is an investment advisor representative. With his expertise in analyzing risk, Rich is well qualified to help business owners evaluate their opportunities to reduce tax, legal, and cash flow risk through the use of Captive Insurance Companies