ALINK
Captive Insurance Services

Security

Fill in the blank. I feel secure when _________.

What is security? Financial, emotional, or legal? It varies from one person to the next. Financial security may be defined with a specific dollar amount accumulated, a variety of investment accounts, or lifetime income. Often security is creates with a combination of measures, built intentionally over time.

A few decades ago, security meant paying off your home. Although not as high on the list today for some, completely paying off one's mortgage certainly provides financial security today - even more than in the past.

What provides Security? **Insurance.**

Insurance protects a person or business from unexpected loss. Ideally, in a fantasy world, insurance would not be needed because losses wouldn't happen and therefore claims would never occur. No-one would ever get sick (Health Insurance), no-one would ever die (Life Insurance), errors (E&O) would never be made. In reality, losses do happen, and unfortunately errors, cyber hacks, theft, and other losses do occur, usually at unexpected or inconvenient times. Ten years ago, no one knew or predicted a pandemic would exist again. Security can be found in every line of insurance coverage offered. The frequency of a claim ideally is rare, yet realistically the frequency increases due to age, habits, number of employees and other uncontrollable variables.

With or without formal insurance, risk of loss is real, and loss is real. To protect against that loss a person can:

1. Set aside or reserve assets in case. This is INFORMAL self-insurance
2. Pay premiums to a FORMAL insurance company.
3. Hope a loss doesn't occur.

Security comes from FORMAL insurance, but at what price? Of course there are budgetary limits for individuals and business owners regarding the setting aside or payment of premiums for insurance.

The problem of setting aside assets aside for option # 1 is a lack of efficiency. AS the unsured, you are now at a disadvantage. Setting aside $1million dollars INFORMALLY is prudent, but not efficient.

Yet paying the same $1million dollars to a third party insurance company is not pleasant as the insurance company is clearly profiting. More claims = higher premiums. Fewer claims become a sunk cost.

There is a better way! A fourth option which doesn't involve hope. **Create your own insurance company.** Captive Insurance is FORMAL insurance, which you own. FORMALLY implementing your own Captive insurance company provides SECURITY, profitability, and efficiency.

Security because your business has the coverage and protection your company needs. Security because you now have new retained assets called surplus which provide capital for potential losses today, as well as options for your future. Captive Insurance creates discipline by providing boundaries and limits while insuring your operating company.

Profitability because YOUR insurance company should be profitable. Insurance companies must be capitalized and reserves maintained for future claims. Premiums are paid to and retained by YOUR insurance company. Premiums become profit.

Efficiency because as the owner of your own insurance company, you now have first, last and always insurance coverage your company needs. The saying goes, "The insurance company always wins," the insurance company you own. This is a win – win opportunity.

Feeling, and better yet, having **security** means intentionally building security. Captive insurance creates and is

Your Link to Security!

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