

Frequently Asked Questions



Q. Why join a Captive Insurance Company?

A. The insurance marketplace commonly goes through its “hard and soft” cycles where premium fluctuations have little relation to individual loss experience. By pooling your resources and creating your own captive insurance company, these swings can be avoided, making your costs more predictable. Also, by pooling your resources, you can lower and retain investment income, both advantages your current insurance company retains.

Q. Why a captive now?

A. The insurance marketplace has been shocked with large losses (hurricanes, earthquakes, and pollution). Many insurance companies had been underpricing their books of business for a number of years. Losses from these years are beginning to create significant losses for these companies and they are beginning to raise premiums drastically.

Q. Am I putting my company in financial risk by entering a captive?

A. If it is done properly, you are not. If all you were doing is paying a premium into a fund in a bank and hoping your losses didn't exceed the fund, then yes it would be very risky. If, however, the program is structured properly, using a licensed and admitted insurance company to act as the policy-issuing company and an equally strong reinsurance company to insure the catastrophic losses, the risk is minimal. In this manner, all you are doing is assuming risk in the smaller predictable loss layer.

Q. How long must I remain in the captive?

A. You are committed to the captive for only one policy period. We do ask that when you join you make a moral commitment for three years to give you an opportunity to learn and understand all of the workings of the captive.

Q. What coverages are underwritten in the program?

A. The captive provides Auto Liability and Physical Damage, Workers Compensation, and General Liability including Products and Completed Operations. Ancillary coverages, such as Property, Inland Marine (Equipment), Umbrella, Employment Practices Liability, and more are available through Integrity Midwest Insurance, LLC.