



*Bridge your risks into... rewards!*

*Alta Holdings is... the leader  
in Captive Insurance  
Company formation,  
structuring, and  
management services.*

*With...  
the most  
highly-respected  
and experienced  
professionals in the  
Captive industry.*

*Alta*

*Alta Holdings is...*



## ***Management***

***Alta's team of professionals set us apart.***

Our associates are CPAs, attorneys, business, and insurance professionals with the most extensive, sophisticated experience in the Captive industry.



# Alta Holdings is...



It is our  
dedication  
to excellence  
that garners  
extraordinary  
client loyalty

## Experience

*Alta's founding members have been providing insurance, consulting, and Captive services for over 20 years.*

With deep industry expertise, our professionals have the flexibility and skill to seek the right solution for our diverse clients.



## Clients

*Our clients are typically successful business owners from a wide range of industries; including construction, manufacturing, hospitality, health care, real estate, and other professional services.*

**They share our passion for results as we work to deliver practical and sustainable performance.**



# *Alta Holdings is...*

## ***Relationships***

There is no substitute for knowing a business inside and out, **that's why many of the nation's leading middle market firms work with Alta on their Captive insurance transactions.** We provide turnkey Captive services to many top-tier companies, and work with our clients' trusted advisors in accounting, law, insurance, and wealth management to achieve desired results.



## ***Industries***

***We work shoulder to shoulder*** with some of the largest rated insurance companies, accounting firms, and financial institutions to **bring value to our clients and their institutions over a wide range of industries.**



# Domicile Selections

**Choosing a domicile for the captive is an important consideration.** Among factors to consider are the economic and political stability of the jurisdiction, tax and regulatory environment, local employment issues and the quality and quantity of service providers such as insurance managers, auditors and legal counsel. Geographic proximity, time zone considerations and languages spoken in the jurisdiction are also relevant. It is also important to ensure that the chosen domicile has an infrastructure to enable, allow for and support the effective operation of an insurance company.

The captive insurance marketplace is worldwide. Captive insurance domiciles include jurisdictions as diverse as Guernsey, Singapore, Arizona, the British Virgin Islands and Vanuatu. Each domicile has individual characteristics that may be of interest to potential captive insurance company owners.

## **Onshore Domiciles**

For companies located in the United States, there are a number of states that have enacted insurance statutes for captive companies. These states include but are not limited to Utah, Nevada, Arizona, Vermont, Kentucky, Montana, South Carolina, the Washington DC, and Hawaii.

Recent years have seen a notable increase in domestic captive registrations. The reasons for this are many. Initial capitalization requirements are pragmatic, company incorporation fees and time requirements are generally competitive, and the insurance regulators in many locations understand and support the innovative thought that goes into a captive company. A number of the U.S. domiciles show an appetite for business, and provide excellent levels of service that make the application process and ongoing management considerably easier than may be enjoyed in a number of offshore jurisdictions.

Among domestic domiciles Utah, Montana, Kentucky, Hawaii, Arizona, Nevada, Washington DC,

and Vermont are considered to be attractive for captive insurance companies. While there are certain local requirements, these states do allow for more practical captive management.

## **Offshore Domiciles**

Historically, the bulk of the growth in captive incorporations has occurred offshore, although recent years have seen a movement towards U.S. domestic domiciles for U.S. owned captive insurance companies.

The Caribbean has long provided favorable offshore domiciles for U.S. owned captives, because of proximity to the United States, low initial capitalization requirements, competitive company incorporation fees and a relative ease of doing business.

The largest venue for captives is Bermuda. Growing venues in the Caribbean include the Cayman Islands, the British Virgin Islands, and Barbados. Other jurisdictions in the Caribbean include Anguilla and Nevis that have also introduced captive legislation in recent years.

While many offshore jurisdictions have laws that assist in the ease of running a captive offshore, such as no requirements for local board meetings, local attorneys, local banking, some domiciles have specific requirements, such as the need for a locally licensed insurance manager, to ensure that regulators are able to monitor the activity of the captive.

Alta, directly and through affiliates, is able to provide services for many of the premier domiciles both onshore and offshore.



# Captives

## **What is a Captive?**

In its most strict definition, a captive is an insurance subsidiary of a company formed to insure or reinsure the risks of its parent. Typically, captives are established to fill gaps in insurance coverage where the conventional insurance market either cannot provide coverage, or where the cost is considered economically prohibitive.

Modern day captives have been around since the 1960s when Bermuda established the formation of companies specifically to insure the risks of their U.S. based parent companies. Many insurers operating as household names, such as Allstate, which was once Sears' captive insurance company, began as captives and expanded into full-fledged commercial insurance companies providing insurance coverage to individuals and corporations worldwide.

## **Why Form a Captive?**

Generally, there are many benefits associated with captives. Some of the more common are as follows:

### ■ Cost Reductions

A corporation paying an insurance premium to a conventional insurance company contributes to the expenses of an insurer (including inefficient administration and other insureds' losses) and profits of the insurer. By establishing one's own insurance vehicle, such costs and profits would be subject to the control within the same economic family.

### ■ Cash Flow Benefits

A captive allows an owner to control the investment portfolio to which the excess premiums are applied. It also allows the money otherwise paid to third-party insurers to remain in the same economic family, unless claims are paid.

### ■ Estate Planning

Business owners with estate planning objectives may find that captives provide many attractive options. Consultation with well qualified and trusted advisors is important to insure that your captive structure meets necessary qualifications and requirements.

### ■ Reinsurance

Reinsurance is available to insurance and reinsurance companies, and typical cost ratios associated with such reinsurance are far less than conventional "primary" insurers. By accessing a second tier of insurance products (through the establishment of a captive insurance company) a business can access a wider array of insurance products at more effective costs.

### ■ Availability of Cover

Certain types of coverage are unavailable or difficult to obtain, because of such things as historic loss experience for a sector or industry, such as construction defect, earthquake, wind and weather, product liability, and self-insured retention. By setting up a captive, a business can insure such risks and obtain access to the reinsurance markets that may have greater appetite for a risk.

### ■ Taxation

Certain tax benefits may be available by utilizing a captive insurance company. Any tax benefits, however, should not form the reasoning behind the establishment of a captive insurance company.

>>> CONTINUED ON NEXT PAGE



# Captives

CONTINUED FROM PREVIOUS PAGE

## ■ Risk Management and Underwriting Profitability

Conventional insurance is typically provided on a guaranteed cost basis and there is little incentive to improve risk management, as there is no participation in the profitability of the insurance program. However, with a captive insurance company, the parent will benefit from good claims experience, and surplus in the company may be available to: pay claims, invest, or distribute to the shareholder by way of dividend. A captive can therefore provide great incentives to improve the risk management philosophy throughout an organization.

## ■ Underwriting Stability

A captive insurance company is less vulnerable to the cyclical nature of hard and soft markets that blight the conventional insurance market. A captive can aide a business that requires accurate financial projections.

IN A NUTSHELL...

**monthly insurance premiums  
become a nest egg.**



# Client Services

*Alta Holdings, LLC provides your business with a turnkey platform of captive insurance company services including:*

## CAPTIVE FORMATION

### Feasibility Study

A limited analysis of the theoretical and practical aspects of establishing an insurance company, which may include the following:

- Identification of appropriate risk areas, and the development of related risk transfer solutions
- Coordination of substantive and structural input from key service providers or advisors and professionals, including actuaries, insurance brokers or agents, accountants and lawyers
- Outlines for a plan to implement a captive insurance structure
- Determination of premium ranges, retentions, capital allocation and development of financial projections for a captive structure
- Consideration of fronting arrangements and reinsurance opportunities
- Discussion of accounting, tax, and regulatory matters, and attention to how such issues are addressed
- Providing benchmarks for the performance of a captive structure
- Where applicable or desirable, financial models

### Business Plan

- Design of custom tailored business plans that set out the operation and management of a captive insurance company
- Establishing 5-year pro forma financial statements, including a balance sheet, an income statement and a statement of cash flows

### Licensing

Alta manages the licensing process, including the following matters:

- Providing a focal point for all service providers
- Preparation of application documentation to submit to regulatory authorities
- Meeting with regulators to discuss each particular application for establishment/formation of a captive insurance company

- Continued interface with regulatory representatives to ensure prompt attention to the application and the timely completion of the formation process
- Coordination and supervision of incorporation of the insurance company
- Filing of an application, supporting and supplemental information, and payment of licensing fees

### Accounting

Review and assistance with preparation of a balance sheet, an income statement and statements of cash flows (on a monthly or quarterly basis)

- Moderation of NAIC and tax filings in conjunction with strategic partners, or through coordination of services with retained professionals
- Coordination of annual insurance company audits
- Submission of annual and/or periodic reports to the insurance regulators

### Underwriting and Policy Issuance

- Benchmark coverage and related premiums
- Preparation of documentation, including applications, policy documents, renewal invitations and premium payment confirmations and related notices
- Review of third-party (traditional) insurance documentation, incl. reinsurance agreements
- Biannual underwriting review
- Liaison with actuary and other professionals and service providers as required

>>> CONTINUED ON NEXT PAGE



# Client Services

CONTINUED FROM PREVIOUS PAGE

## Claims

- Claims management
- Coverage review
- Appointment of claims administrator
- Appointment of legal counsel
- Production (limited) of settlement documentation
- Provision of quarterly claims reports
- Annual audit of claim settlements
- Assistance with claims reserves and liaison with actuary

## Regulatory Compliance

- Monitoring of brokerage, banking and financial statements
- Quarterly financial review
- Quarterly review of compliance with local insurance and corporate legal requirements
- Periodic review of solvency, capital adequacy and asset allocation requirements
- Production of annual compliance reports

## Actuarial

- Coordinating actuarial service providers to address capital adequacy, reserve valuations, premium, rating adequacy and the like.

## Corporate

Corporate governance and pseudo-secretarial service, including items such as:

- Liaison with registered office
- Liaison with registered agent
- Production (limited) of corporate minutes
- Production (limited) of corporate resolutions
- Coordination of general corporate law matters and compliance
- Liaison with legal counsel in the captive domicile

## General

- Liaison with the insurance regulators
- Liaison with key service providers, including:
  - Actuary, auditor, and accountant
  - Registered office and registered agent
  - Legal counsel
  - Investment advisor/manager/wealth manager



# Uninsured Risk

*Traditional insurance options  
leave many risks insufficiently covered...*

Most business owners fail to recognize that they already self-insure a large amount of risk. Self-insurance without a captive is not deductible for federal and state income tax purposes. **However, with a properly structured captive, self-insurance can create substantial current tax deductions.**

Premiums – previously self insured – may create legitimate tax deductions that are paid to a captive insurance company.

The most obvious areas of self-insurance include: deductibles and exclusions on existing policies, product warranty/liability, construction defect, mold, subsidence, employment practices, sexual harassment, credit risk, government and administrative actions, wind, weather and earthquake.



# Trusted Advisors

## *Open up your options...*

Join a network of CPAs, attorneys, insurance, and business professionals.

The Alta Trusted Advisor Network is a nationwide association of independent business advisors (including CPAs, wealth managers, tax professionals, and attorneys) that work with Alta Holdings, LLC.

By accessing the resources of Alta Holdings, the Network presents an opportunity for **trusted advisors to expand services for their clients** – without jeopardizing their existing relationships, independence or autonomy.

The Alta Trusted Advisor Network was developed to provide members with additional business options for qualified candidates.



# Industries We Serve

Captive insurance companies are appropriate for many businesses, including candidates in the following industries:

- Automobile/Truck Dealerships
- Real Estate Development
- Truck and Motor Freight
- Professional Services
- General Contracting
- Sub-Contracting
- Manufacturing
- Transportation
- Construction
- Distribution
- Engineering
- Restaurants
- Franchising
- Hospitality
- Healthcare
- Finance

Our clients have annual revenue ranging from the low millions to nearly a billion dollars.

# About Alta Holdings

Alta Holdings, LLC is the premier captive specialists offering comprehensive risk management solutions for the middle market enterprises.

World class service from experienced CPAs, attorneys, insurance, and business professionals delivered along with exclusive benefits for advisors and their clients.

Alta Holdings and its affiliates have operations in Southern California, Washington DC, Arizona, Utah, Florida, Illinois, Texas and the British Virgin Islands. **The Alta group of companies specializes in structuring, forming, and managing captive insurance companies for privately held businesses.**

The founders and key executives have been structuring, forming, managing and underwriting for captives since the early 1990s.



# Taxation

**Taxation should not be the primary reason for the establishment of a captive insurance company.** Sound business aims must be the overriding argument for a captive insurance company.

Taxation is an extremely complex area and professional advice should be sought to protect the interests of shareholders, insureds and the insurance company.

When considering the effect of taxation it is important to look at the different parties that are affected including:

- The insured
- The captive insurance company itself
- The beneficial owners of the captive insurance company

DISCLOSURE UNDER IRS CIRCULAR 230: THIS COMMUNICATION IS NOT INTENDED TO AND DOES NOT COMPLY WITH THE U.S. TREASURY DEPARTMENT'S TECHNICAL REQUIREMENTS FOR A FORMAL LEGAL OPINION. CONSEQUENTLY, IT CANNOT BE USED BY A TAXPAYER TO AVOID ANY PENALTY THAT MIGHT BE IMPOSED ON A TAXPAYER. NOTHING IN THIS COMMUNICATION MAY BE USED OR REFERRED TO IN PROMOTING, MARKETING, OR RECOMMENDING A PARTNERSHIP OR OTHER ENTITY, INVESTMENT PLAN OR ARRANGEMENT TO ANY PERSON.

