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Advantages of a captive

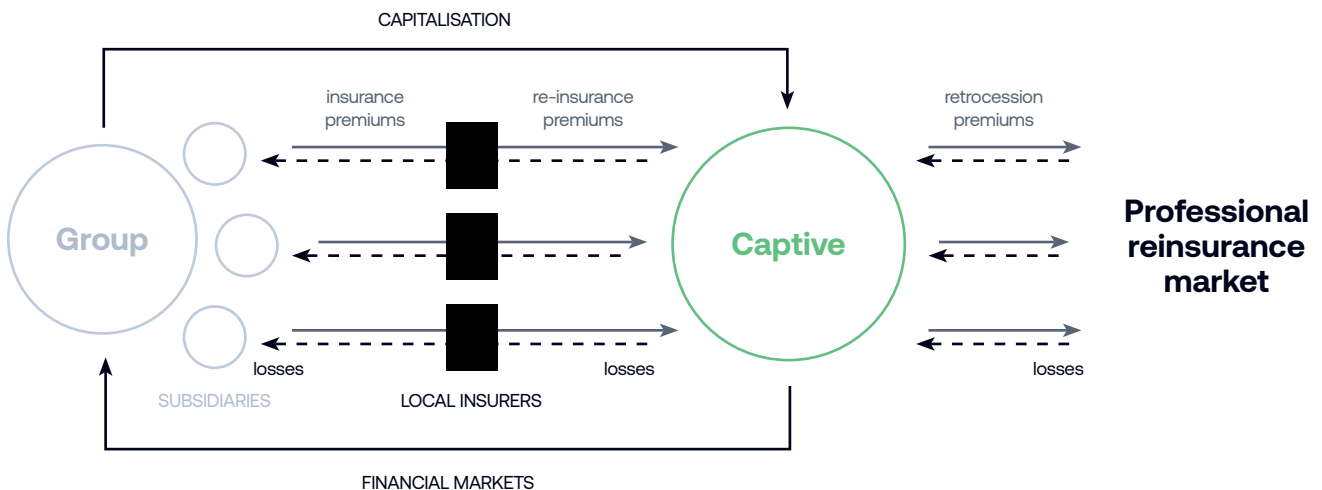


There is a more effective way to manage your risks successfully

What is a captive?

A captive is a (re)insurance company established and wholly-owned by a non-insurance company, acting as a direct insurance company or reinsurance company for the parent company and its subsidiaries. The main purpose of self-insurance is to reduce the company's total risk cost. Captives are often used as a component of a company's international insurance plan, but they can also cover local risks or be used in purely national structures.

A simple and effective approach in a complex world

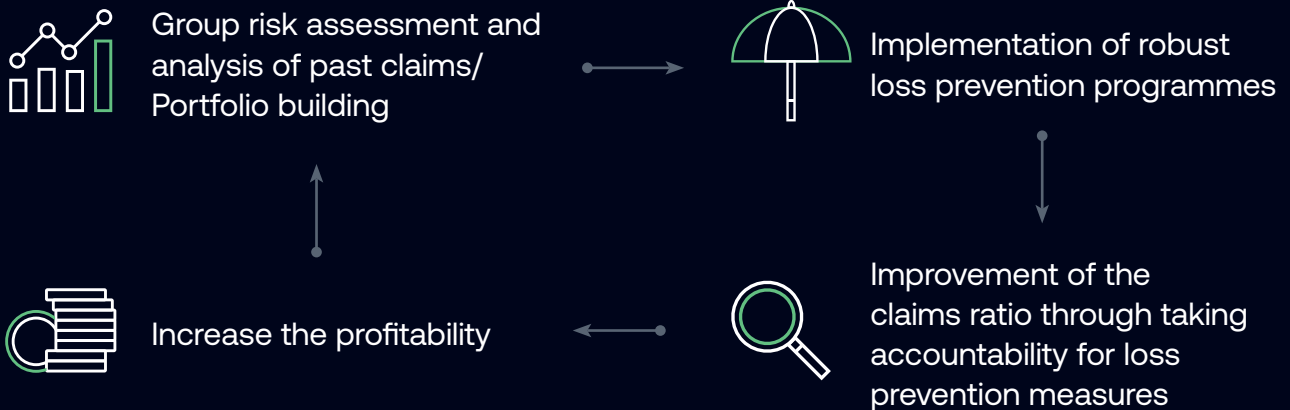


Nothing is impossible for smart achievers motivated by an entrepreneurial mindset.
You may recognize yourself in this statement, and so do we.

STONEFORT CAPTIVE MANAGEMENT promotes captive solutions for:

- Companies pursuing a strategic approach to manage risk, exposure, and risk costs and who want to increase their risk share and obtain underwriting profits (rather than simply buying insurance at the lowest price)
- Companies which are committed to improving their risk profile through strategic risk management and establishing and benefiting from long-term relationships with insurance partners
- Multinational companies whose goal is to integrate global risk exposures to fully understand risks and the transparency of risk costs and returns
- Companies facing risks that are difficult or even impossible to insure
- Companies with a strong claim history and extensive formal risk management processes to ensure that they have better loss experience than the market, enabling them to benefit from reduced risk costs
- Companies who tend to make high-frequency, low-severity claims

A better way to manage your risks



- A Captive builds up reserves to increase risk-bearing capacity over time, especially for long-term risks, where internal self-funding is difficult
- A captive reduces price volatility for uninsurable risks and risks which are difficult to insure or even uninsurable
- A captive shares the group's risks, which helps to motivate the group to improve its risk profile through long-term risk management strategies
- A captive may reduce costs, specifically in relation to:
 - premiums paid and tax deductible loss reserves
 - investment income earned on premium to captive and loss reserves
- A captive provides direct access to reinsurance markets and can offer broader coverages to the group
- A captive improves cash flow as premiums are paid up-front and are retained within the captive while claims are settled at a later stage
- A captive creates a formalised approach to self-insurance and the funding of risks.