

CAPTIVE INSURANCE

OVERVIEW

Lawyers in our Captive Insurance practice collaborate with clients and risk management professionals to develop alternative risk management solutions, including captive insurance structures, that are tailored to each client's unique risk profile, investment capacity and risk transfer needs.

Our advice focuses on the corporate, regulatory and tax aspects of captives and their use in larger restructurings. We assist clients with creating the optimal structure for their captives, taking into account our clients' jurisdictional preferences, tax considerations, and regulatory requirements. As such, our Captive Insurance practice includes BCLP attorneys from several other practice groups throughout BCLP's global offices. Our Captive Insurance Lawyers are experts on reinsurance and stop loss arrangements used by captives, including collateralization requirements and financial statement credit for reinsurance obligations.

Our Captive Insurance services include assisting clients with the design, formation and licensing of captive insurance companies, including pure (single parent), group, agency, cell and association captives, and advising on related regulatory compliance issues. We often form captives as part of our work on a client's broader restructuring initiative. We have a long history advising clients using captive insurance companies to provide employee benefits coverages, as well as more traditional coverages, and captives organized in jurisdictions that cater to specific industries, such as transportation groups. We also advise and structure risk purchasing groups and risk retention groups for various industries.

EXPERIENCE

Clients of our Captive Insurance practice are based in various jurisdictions and include Fortune 500 companies, national associations and privately held businesses, as well as private and publicly held global insurance groups. Our representative experiences include:

- Represented one of world's largest public accounting firms in connection with the sale of its U.S. captive insurance company to its Bermuda-based affiliate and negotiation of related reinsurance and retrocession agreements.

- Assisted client with merger of Bermuda captive into a Missouri-domiciled captive.
- Formed pure captive in Arizona to enable client to assume risk of controlled unaffiliated business.
- Assisted with the conversion of a captive insurer to a traditional, licensed property-casualty insurer.
- Assisted international rental company with restructuring its insurance requirements in the U.S. and the organization and maintenance of its Bermuda captive, including agency arrangements.
- Formed New York's first captive insurer established by an out-of-state parent corporation (and dissolved captive a decade later for tax reasons).
- Formed captive insurance company for Fortune 100 company to provide prescription drug stop loss insurance to customers, including creation of specialized insurance policy unique to industry and the design, formation and licensing of captive, and the negotiation of reinsurance agreements.
- Analyzed tax aspects of offshore cell captive and assisted with its termination and commutation of policies issued by the captive after determining that the arrangement was not a valid captive insurance arrangement, but rather, an interest in a controlled foreign corporation.
- Assisted publicly-held corporation with formation of captive insurance company for purpose of insuring workers' compensation insurance deductibles for subsidiaries of the corporation, and issued federal income tax opinion with respect to the deductibility of premiums paid by the subsidiaries to captive.
- Formed association captive insurance company to offer health insurance through fronted reinsurance arrangement to members of association comprised of 5,000 firms throughout U.S., including negotiation of reinsurance agreements with third party health insurers.
- Advised international corporation on legal issues arising under ERISA-associated with the formation of wholly-owned captive insurance company to provide health insurance coverage with respect to employees of the corporation.
- Represented international consultancy firm in relation to its insurance and reinsurance arrangements, particularly from a tax perspective, of its Bermuda captive.
- Advised on the transfer of the insurance business of a UK group captive to an U.S. insurance group.

- Acted for a UK captive insurer on the 100% quota share reinsurance and subsequent Part VII transfer of a book of general liability business with exposure to disease claims.
- Represented UK client in the acquisition of a Guernsey captive.
- Novation of a Guernsey captive's insurance business to a global insurer based in Malta.
- Successfully defended income tax deductions for large international client on loss portfolio transfer to captive insurance company.

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