

2017: A Fresh Start for Enterprise Risk Management

A Fresh Start for Enterprise Risk Captives

2016 was another tremendous year of growth and we would like to thank every advisor and client for your partnership and trust in Oxford. A key development was the release of IRS Notice 2016-66 issued on November 1, 2016, which presented new reporting requirements for parties involved in most 831(b) captive insurance companies.

On the surface, the Service acknowledges that 831(b) captives are “Transactions of Interest” and have the potential for tax avoidance (not surprising to those active in this space), but also acknowledges that 831(b) captives can be set up for valid risk management purposes. The Oxford message has always been focused on conservative captive implementation that follows all available guidance. This means companies must have solid business purpose, documentation of economic substance, reasonable actuarial pricing, investments suitable for an insurance company, truly share risk with others and file claims when losses occur. When these criteria are met, additional regulatory reporting—although possibly burdensome—should not be of concern for any existing or prospective Oxford client or advisor.

We would like to remind everyone that we also offer Group Captive solutions which provide business owners the same enterprise risk management opportunity as our 831(b) structures without the challenges affecting 831(b) election. At Oxford, we strive to offer innovative risk management solutions. Please contact us today if you are interested in learning more!

Educate your clients before a competitor does

A few weeks ago, we received a phone call from a property and casualty broker who recently lost two of his largest clients to a competitor. The reason for the change? Another broker introduced a more comprehensive risk management philosophy to his clients, including the benefits of enterprise risk management through a captive insurance arrangement. Both clients implemented a captive in 2016 and were so impressed with the new broker they moved all of their P&C coverage to him.

Don't let this happen to you! Successful business owners and their management team are concerned about uninsured exposure to risk and likely will inquire about captive insurance companies. It is better they hear it from you than another advisor. Even if they do not implement a captive, they will appreciate learning about an effective risk management strategy that Fortune 500 companies have been using for decades.

Schedule a time for us to walk your clients through our risk management solutions. We are confident they will be impressed with our proven solutions and educational approach.

As always, we thank you for your business and are ready to help you grow and retain your clients.

We look forward to hearing from you!

KEY POINTS

- ◆ Call us to learn more about our Enterprise Risk Group Captive structure
- ◆ Educate, retain and attract business by introducing captive insurance
- ◆ Working on a 2017 marketing plan? Let us assist in helping you meet your goals and objectives