



Dear Colleague:

Would you like to generate more revenue from your sponsored insurance programs?

If so, please read on.

This letter brings news of a business opportunity that could help you derive more value from your program by becoming a “cell” in ASAE’s new captive insurance facility—the ASAE Insurance Company (AIC).

In case you’re not familiar with the term, a “captive insurance company” is simply one that is owned by, or on behalf of, its members. Captives have the potential to deliver huge benefits—both financial and managerial—to associations; but the time, effort, and money involved in creating one is beyond the resources—and reach—of all but a few.

By housing a captive insurance company in one of the ASAE Insurance Company’s cells, you get the benefits without the burden. And the benefits **are** significant including:

- Potential for creating investment or underwriting income from your existing program.
- Significantly lower costs and less up-front capital needed than creating a captive insurance company on your own.
- Faster start-up time because AIC provides you access to fronting and reinsurance companies.
- Access to key service providers hand-picked by AIC because of their ability to deliver top-quality services.
- No disruptions because you can continue working with *your* broker or underwriter.

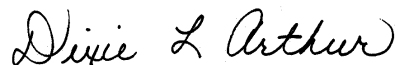
Is this a business opportunity you should pursue? There's an easy way to find out. Simply complete the enclosed questionnaire "Does a Captive Insurance Company Make Sense for Our Association" and return it in the postage-paid envelope provided. Or fax it to 202-220-6473 (which comes directly to my PC), or email your responses to me at [darthur@asaecenter.org](mailto:darthur@asaecenter.org).

However you send it, please be assured that your information will be held in strict confidence.

If AIC and its captive insurance consultant, Beecher Carlson, see a possible fit, I'll give you a call to lay out next steps. But even if a captive isn't right for you, we may have other suggestions for improving your existing sponsored insurance program that will make your effort worthwhile.

Many thanks for giving this your careful consideration. I look forward to receiving your completed questionnaire. If you have questions—beyond those we've tried to anticipate in the enclosed informational materials—please don't hesitate to call me at 202-626-2835.

Sincerely,

A handwritten signature in cursive script that reads "Dixie L. Arthur".

Dixie L. Arthur  
President

P.S. Already have a captive insurance company? You're a prime candidate to occupy a cell in the ASAE Insurance Company. Find out if there's a fit by taking a few minutes to complete and return the questionnaire below.

# **Answers to YOUR Questions about Captive Insurance Companies**

## **What is a captive insurance company?**

A captive insurance company is simply one that is owned by, or on behalf of, its members. Captives have the potential to deliver huge benefits—both financial and managerial—to associations.

## **What is the ASAE Insurance Company (AIC)?**

AIC, a subsidiary of ASAE Services Inc., is a sponsored association captive insurance company. AIC is domiciled in the District of Columbia to take advantage of favorable association captive insurance company legislation. AIC not only provides a captive insurance facility for ASAE's group insurance programs, it also provides captive benefits to qualifying associations.

## **How would our association benefit by occupying a cell in AIC?**

By creating a captive insurance company in one of the AIC cells, you get the benefits without the burden. And the benefits are significant, including:

- Potential for creating investment or underwriting income in addition to royalty payments from your existing sponsored insurance programs
- More active involvement in an important member benefit
- Specialized insurance tailored to members' specific needs
- Greater management control

## **What up-front financial commitment is involved?**

AIC has already licensed and capitalized the captive's core allowing each cell to individually capitalize and collateralize its specific program in accordance to its regulatory and fronting carrier requirements. AIC gives you access to key service providers. Fees vary depending upon the work engaged and the scope of the program.

## **How much premium do I need before a captive is feasible?**

The minimum premium level varies depending on the type of risk being underwritten, the longevity of the insurance program, and its loss ratio.

## **Will I need more staff?**

In most cases, no.

## **Can I keep our current insurance agent or broker?**

Yes, if you're satisfied with him or her. Occasionally, brokers/agents can be additionally incentivized by being offered an ownership stake in the captive as well as gaining access to new insurance companies they don't currently represent.

## **Will a captive insurance company affect our 501(c)3 tax status?**

No.

**We're not located in DC. Can we still participate?**

Yes, absolutely.

**Has ASAE moved any of its insurance programs into AIC?**

Yes, we have moved one property casualty program and are considering others.

**To read more Frequently Asked Questions, and view recorded online seminars about captive insurance companies, please visit [www.asaecenter.org/asaeservices/captive](http://www.asaecenter.org/asaeservices/captive).**

**Who can I contact for more information?**

Contact Dixie Arthur, president of ASAE Services Inc., at 202-626-2835 or [darthur@asaecenter.org](mailto:darthur@asaecenter.org).



Dixie L. Arthur, president of ASAE Services Inc., is responsible for creating the business model for managing the ASAE-endorsed programs. In addition, she is executive vice president and chief operating officer of the ASAE Insurance Company. Before joining ASAE, Arthur was president of AHA Insurance Resource Inc., a multimillion-dollar insurance agency and broker/dealer subsidiary of the American Hospital Association. Prior to that, she served as vice president of Johnson & Higgins, an insurance brokerage company where she participated in captive development and management.

# **Captive Insurance Questionnaire**

## **Does a Captive Insurance Company Make Sense for Our Association?**

Please complete as many questions as you can, and fax to 202-220-6473 or email to [darthur@asaecenter.org](mailto:darthur@asaecenter.org). Your information will be held in strict confidence.

If you prefer to mail the form, please send to:

Dixie Arthur  
President  
ASAE Services Inc.  
1575 I Street N.W.  
Washington, DC 20005

Questions? Contact Dixie Arthur at 202-626-2835.

**Your name:**

**Title:**

**Name of association** (no acronyms, please):

**Street Address:**

**City, State Zip:**

**Phone:**

**Email:**

**Web address:** http://

1. What types of risk(s) do you currently insure through your sponsored insurance program(s)? (List all)
2. Who owns the business (does the association own the book or your broker)?
3. Please provide the name of your broker, if they own the business.
4. Who is the insurer or insurance company?
5. What year did your program begin?

6. What is your premium volume in dollars?
7. How many policies and/or customers do you have?
8. What are the loss ratios for each year since the program started?
9. Do you receive any compensation from the program (such as license fee, marketing fee, royalty)?  Yes  No