

Artex

Alternative
Risk

North America
Group Captive Strategy



Artex Group Captives

A group captive is an insurance company that is owned and operated by the members of the captive, strictly for the benefit of those members. These group captives offer a variety of advantages, including the following:

LOSS-SENSITIVE PROGRAM THROUGH AN “A” RATED CARRIER

- Customers receive a guaranteed cost policy that is reinsured by the captive for workers’ compensation, general liability, auto liability and physical damage.

GROUP-OWNED CAPTIVE

- Collective purchasing power achieved by economies of scale

PREMIUMS BASED ON INDIVIDUAL LOSS HISTORY AND EXPOSURES

- Established performance throughout the market cycle

UNBUNDLED STRUCTURE

- Management
- Fronting reinsurance
- Third-party administration
- Actuarial services
- Financial services

ACCESS TO THE LOSS-RATED PROGRAM

- Specializes in insuring coverage lines with predictable frequency losses
- Market fluctuations reduced since the carrier only accounts for roughly 20% of total premium
- Programs take limited and quantifiable amount of risk to reduce costs over time

CONTROL THROUGH OWNERSHIP

- Accrual of unused premium dollars plus investment income
- Members gain authority over operating decisions

UNDERWRITING PROFIT

- Members retain surplus, not a traditional insurance company
- Not class underwritten—based on member losses and exposure
- Turns your insurance program into a profit center

SERVICE PROVIDERS WORK WITH MEMBERS INDIVIDUALLY

- Proven to drive down costs
- Financial stability—“A” paper
- Personalized risk management advice
- Independent claims advocacy—22% below industry average
- Expertise and experience in regulatory aspects and capital management

Group Captive Strategy: Frequently Asked Questions

What makes a good captive candidate?

- Company paying more than \$200,000 for WC, GL, AL and APD combined
- Financially secure
- Desire to take control, willing to be accountable
- Company commitment to safety

How are premiums developed in a group captive?

Premiums are developed based on analysis of the applicant's historical premiums, losses and exposures. Expected loss funds are determined, and costs for the insurance product and services are added. This takes our insureds out of the hard and soft market cycle swings.

Why should I look at a group captive?

If your organization has a commitment to safety with good loss experience, there is a better way to manage your insurance costs and be rewarded for that commitment.

Is this the same as self-insurance?

No. A group captive utilizes an independent actuary to calculate expected losses based on prior performance. The member pays a premium that includes loss funds to cover the majority of losses, and the captive uses its group purchasing power to buy reinsurance over the captive retention for large losses.

Do I get money back?

All loss fund dollars belong to the member, and investment income accrues to the member on those funds. Unused loss fund dollars and investment income are returned to the members. Artex captives have typically returned in excess of 10% of the premium back to its membership.

Do I have to pay for the other members' losses?

There is a possibility for members to assume losses of another member. The Artex structure ensures losses will be limited to each individual member's percentage of loss funds rather than that of the entire group.

Is it difficult to leave a group captive program?

No. There are no handcuff clauses—the same one-year legal commitment exists as in the traditional marketplace.

Which domicile should I use?

Our domiciles are chosen for their strength of regulatory infrastructure and tenure in the captive world.

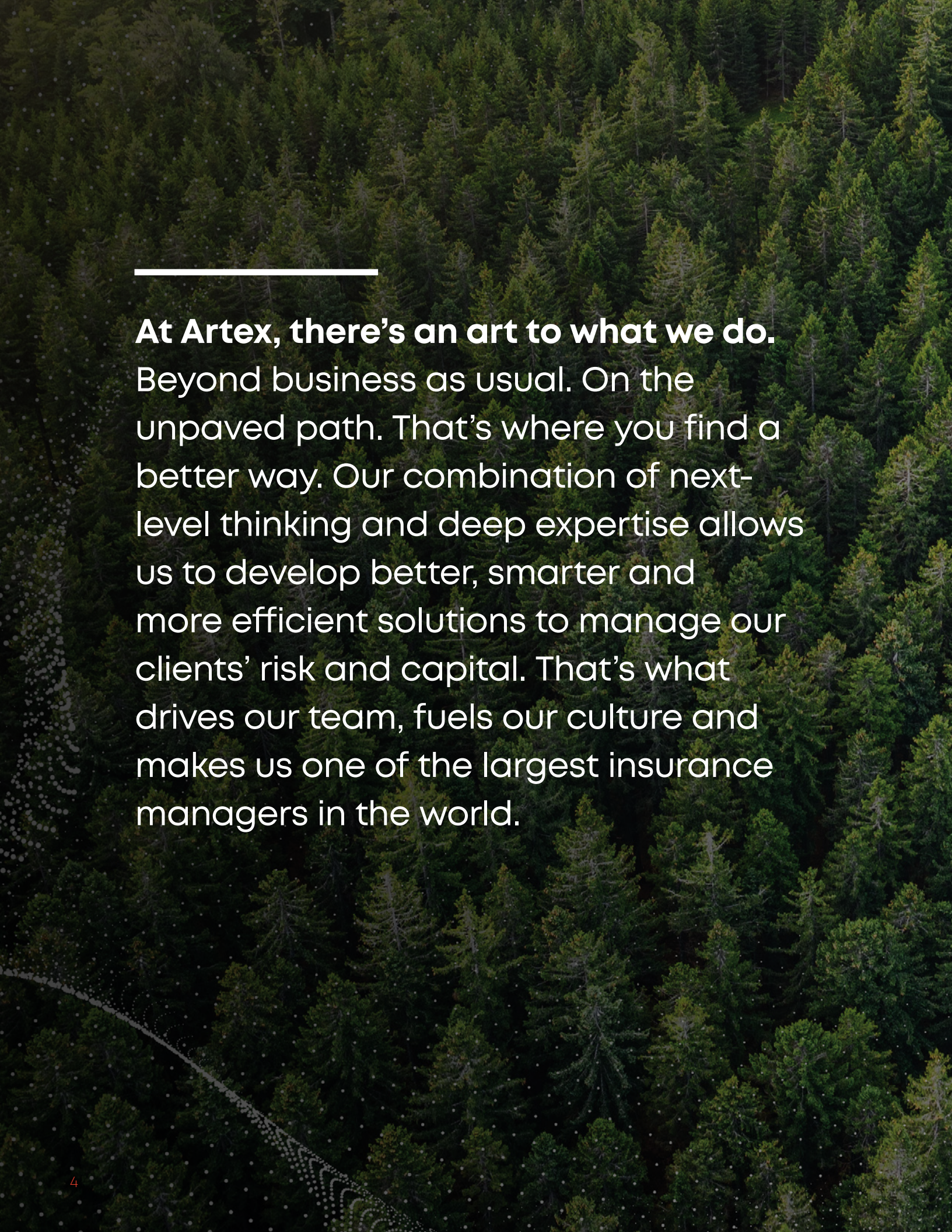
Can I work with my broker?

Yes. The broker plays an important role in the risk management process, and we encourage their participation.

THE ART OF RISK

At Artex, we believe there is more to alternative risk management. As a trusted leader and provider of diverse reinsurance and ILS solutions, our global team operates at the intersection of art and science—where creative thinking meets expertise, where superior outcomes are made. That's how we're able to fully understand our clients' needs and deliver the most comprehensive solution set available.

Established in more than 35 domiciles internationally, we're here to help you make empowered decisions with confidence, reduce your total cost of risk and improve your return on capital. At Artex, we believe in finding you a better way.

An aerial photograph of a dense evergreen forest, likely a coniferous woodland. The trees are tightly packed, creating a textured green canopy. A narrow, light-colored path or clearing winds through the forest from the bottom left towards the center. The lighting is soft, suggesting a slightly overcast day or late afternoon/early morning light.

At Artex, there's an art to what we do.
Beyond business as usual. On the unpaved path. That's where you find a better way. Our combination of next-level thinking and deep expertise allows us to develop better, smarter and more efficient solutions to manage our clients' risk and capital. That's what drives our team, fuels our culture and makes us one of the largest insurance managers in the world.



**A BETTER WAY
BEGINS WITH ARTEX.**

Group Member- Owned Captives

Ownership participation in a group captive provides alternative risk transfer advantages. Group captives are an attractive and simple way to smooth the cyclical volatility of the standard insurance market. Proportional membership is available in the form of heterogeneous, industry-specific and employee benefit group captives.

Submission requirements

- ACORD application or program-specific applications
- Five years of loss runs
- Five years of exposure data
- Five years of expiring/audited premiums
- Experience modification worksheet
- Details of losses more than \$50,000
- Two years of financials

HETEROGENEOUS GROUP CAPTIVE PROGRAMS

Command

- Established in 2016
- Minimum premium: \$100,000

Milestone

- Established in 1995
- Minimum premium: \$500,000

Millennium

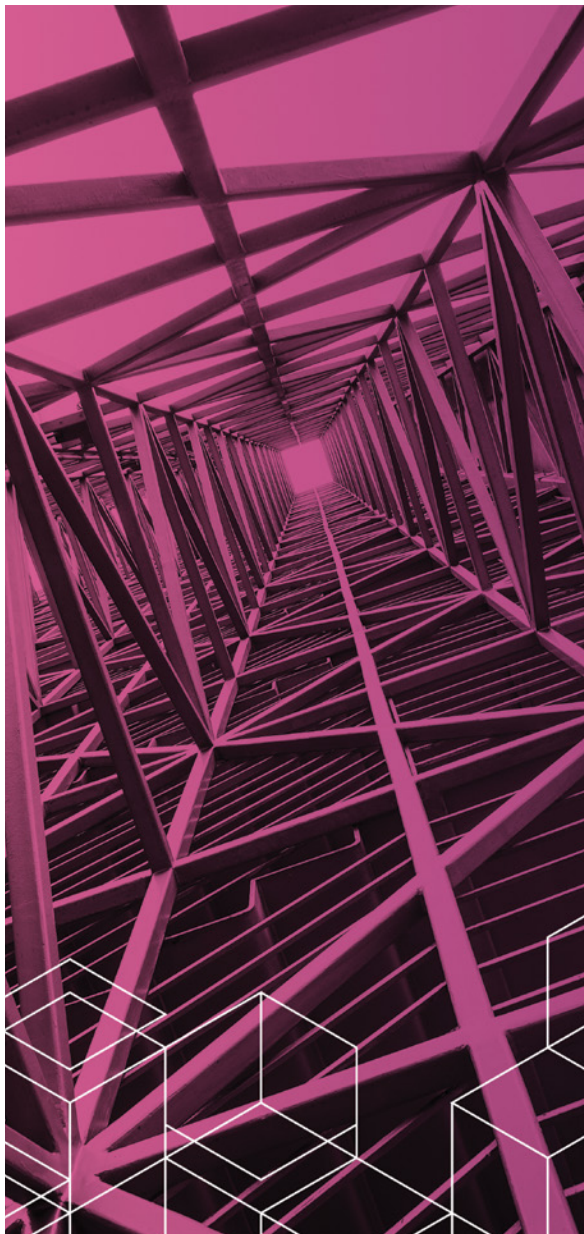
- Established in 1996
- Minimum premium: \$300,000

Vision

- Established in 2002
- Minimum premium: \$350,000

WiN

- Established in 1996
- Minimum premium: \$200,000
- Ideal for Wisconsin-domiciled risks



HOMOGENEOUS GROUP CAPTIVE PROGRAMS

Construction Risk Containment Insurance Company (CRCIC)

- Established in 2019
- Minimum premium: \$250,000
- Construction companies

C-U First

- Established in 2004
- Minimum premium: \$100,000
- Credit unions and educational institutions

Harvest

- Established in 1991
- Minimum premium: \$500,000
- Food-related industries

International Warehouse and Logistics Association (IWLA)

- Established in 1996
- Minimum premium: \$250,000
- Membership open to third-party warehouses, 4PLs and partners/industry suppliers

NewCon

- Established in 2003
- Minimum premium: \$250,000
- Artisan contractors

Specialty Trades Insurance Company (STIC)

- Established in 1999
- Minimum premium: \$300,000
- Electrical and mechanical contractors

Transportation Insurance Program (TRIP)

- Established in 2000
- Minimum premium: \$250,000
- Ground transport industries

Artex manages a number of different group captive programs within the United States, each open to new members, that have been designed specifically to meet the needs of mid-market employers. Many of these programs were established more than a decade ago, and have consistently demonstrated the ability to perform well during a soft market and excel in a hard market.



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