

Exploring an Insurance Captive

Service Above and Beyond



Fall Conference
November 27, 2017

What is a Captive?

- Wholly owned private Insurance Company
 - Still would be a non-profit
 - IRS Section 115

Why form a Captive?

- Save money
- Insurance options
- Protect assets



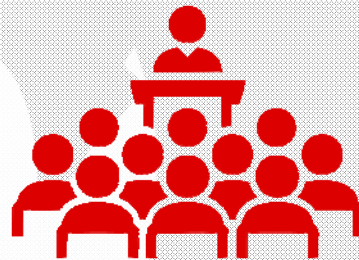
Who will own & operate the Captive?

- Owned by the JPIA
- Separate Board of Directors
- Managed by JPIA staff



How will the Captive be formed?

- Done by Resolution of the ACWA JPIA Board of Directors



When will this happen?

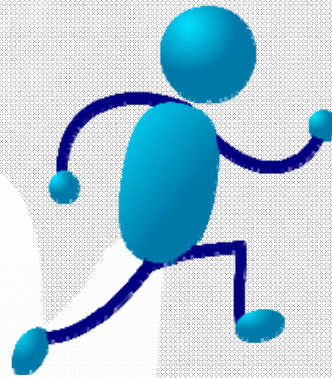
- Best case scenario would be a resolution at 2018 Spring Conference
 - Implementation in October 2018
- Next scenario would be a resolution at 2018 Fall Conference
 - Implementation October 2019

Why?

- Save money
 - Discount excess/reinsurance costs
 - Increased investment earnings
 - Risk finance option
- Insurance Options
 - Coverages
 - Limits
 - Retention
- Protection of assets
 - State regulations

Next Steps

- Business plan
 - Detail initial steps
 - Initial set-up
 - Funding requirement
 - Operation procedures
 - Governance
 - Board of Directors
 - Management



Next Steps (cont.)

- Identify Professional Resources
 - Business Plan assistance
 - Actuary
 - Auditor
 - Attorney
 - Investment Manager

Summary

1. Introduce concept to Board of Directors at 2017 Fall Conference
2. Periodic updates to membership
3. Secure required professionals
4. Finalize Business Plan and required documentation
5. Make presentation to membership at 2018 Spring Conference
6. Present resolution to Board of Directors at 2018 Spring Conference
7. Begin implementation October 1, 2018