



WHY REINSURANCE?

1.

- Reinsurance is one of the best ways for you to gain control over your business risk.

2.

- Reinsurance can potentially work wonders for cash flow.

3.

- Reinsurance may provide one of the best tax - and estate planning tools available.

4.

- Reinsurance gives you the ability to customize your insurance coverage.

There are 4 main reasons to use reinsurance. Give us a call to learn more about how reinsurance works.

TODAY'S REINSURANCE FOR RENT TO OWN DEALERS

*Captive Management
Services*



CAPTIVE MANAGEMENT SERVICES

Reinsurance companies are being utilized by more and more companies to self-insure a variety of business risks. In its simplest form reinsurance company allows a company to participate in its own risk. The reinsurance company is typically owned by the principal owners of the company seeking insurance coverage. The Reinsurance Company is formed in accordance to laws found within the chosen domicile. Reinsurance Companies were once thought to be the exclusive domain of large corporations for purposes of providing property and casualty coverage's, today reinsurance companies are being utilized by companies of all sizes, shapes and many different industries, covering a myriad of risks.

Reinsurance companies are small Property and Casualty insurance companies. "Small property and casualty insurance companies with less than \$1,200,000 in annual net premiums may elect to be taxed only on investment income under Internal Revenue Code 831 (b)." Distributions are taxed at the prevailing dividend rate. These corporations, unlike "S corporations" or Limited Liability Corporations (LLC) where income flows through to the shareholders annually, are "C corporations". 831(b) C corporations allow the shareholder a long term approach. If a distribution is not desirable, the earned premium can be retained in the reinsurance company. Earned premium reserves should and can be invested in a wide variety of options; secured loans, real estate, stocks, bonds or other securities are a few.

GROWING WEALTH THROUGH INNOVATION

CAPTIVE MANAGEMENT SERVICES DELIVERS:

- MAXIMUM PROFIT
- MAXIMUM CONTROL
- MINIMUM RISK
- COMPLETE TRANSPARENCY

WE WORK FOR YOU

*Captive Management
Services*



CREATING YOUR OWN REINSURANCE COMPANY (IT'S NOT TOO GOOD TO BE TRUE)

- You choose the domicile: either the Delaware Indian tribe or Turks and Caicos Islands.
- Your company will benefit from low capitalization costs and a favorable regulation environment.
- If needed, a 953(d) election will be filed for your reinsurance company.
- Your company will be a United States taxpayer, and will file a United States tax return annually.
- There is no foreign reporting needed.
- Your money will be kept in your investment account, and invested at your discretion.



THE ROAD TO SUCCESS

LET'S JUST THINK POSITIVELY
AND DEFINE EVERYONE'S RESPONSIBILITIES

RTO STORE

- Sell, Sell, Sell! F&I Products (we will help you too)

INSURANCE CARRIER

- Design contracts for dealership that complies with all state regulations
- Provide underlying insurance
- Handle legal responsibilities
- Secure lender approvals

ADMINISTRATOR

- Generate tax return
- Quarterly cession statements
- Quarterly reinsurance company financial statements
- Provide risk management
- Claims reporting

REINSURANCE COMPANY

- Annual board meetings
- Tax-advantaged environment
- Investment income
- Loan money to dealership
- Profit!



WHY YOU NEED YOUR OWN CAPTIVE MANAGEMENT SERVICES REINSURANCE COMPANY:

- Manage your reserves in your own bank account, in your own name.
- Borrow the money when you want.
- Reduce taxes with a tax-advantaged environment.
- Design your own F&I products.
- Plan your estate with multiple ownership scenarios.
- Finally! Design your exit strategy.
- Keep 100% of your underwriting profit and benefit from the investment income.

MAKING MONEY AS A RTO DEALER IS BECOMING
INCREASINGLY HARDER AND HARDER...
DIVERSIFY WITH YOUR OWN REINSURANCE



DRIVING DEEPER, THERE ARE FURTHER KEY REASONS AS TO WHY CMS RECOMMENDS THE DELAWARE INDIAN TRIBE OVER ANY OTHER DOMICILE:

- No need for 953(d) election approval. This is one more piece of paperwork you won't have to deal with when forming your reinsurance company. This alone is reason enough to choose the Delaware Indian Tribe.
- No need for inclusion in future BE-10 surveys, since your reinsurance company isn't overseas.
- Extremely responsive to all communication. Your company will be formed in a fraction of the time. There's no more waiting needed for corporate changes to take effect. You have direct access to the Insurance Commissioner.
- One more thing: while the Delaware Indian Tribe is a relative newcomer to the domicile scene, this is actually a big advantage. They've taken the essence of other, more established domiciles' insurance codes, and distilled it into a clean, elegant solution that meshes with modern times.



LET'S TALK ABOUT DOMICILES. WHAT IS A DOMICILE, YOU ASK? IT'S NOTHING MORE THAN THE LOCATION OF YOUR REINSURANCE COMPANY. CMS USES TWO PRIMARY LOCATIONS: THE DELAWARE INDIAN TRIBE (PHYSICALLY WITHIN KANSAS). AND THE TURKS AND CAICOS ISLANDS. BOTH OF THESE LOCATIONS ARE FAVORED BY AUTO AND RV DEALERSHIPS, AND ONE IN PARTICULAR IS A BETTER OPTION. WHY? GLAD YOU ASKED. (HINT: THE BEST DOMICILE OPTION ISN'T ACROSS AN OCEAN)

THERE ARE SEVERAL KEY REASONS TO DOMICILE YOUR REINSURANCE COMPANY OUTSIDE OF YOUR STATE. (ACTUALLY, THERE ARE NO STATES THAT MAKE A GOOD HOME FOR YOUR REINSURANCE COMPANY.) HERE ARE THE MAIN ONES:

- Low capital requirements: Large amounts of initial cash for reserves aren't necessarily for a dealership reinsurance program. This means your reinsurance company is bootstrapped from Day 1, with no need to pony up to \$250,000 or more of cash to just sit idly by...which is what you'd get if you chose any of the 50 states.
- Minimal amounts of needless regulatory crap: It's remarkably simple to start up a reinsurance company when you don't have to deal with fluff.
- Proven reinsurance structure and compliance: Utilizing domiciles outside the states for reinsurance has been tested and approved by all the acronym-laden agencies you care about.





**LEAVE
YESTERDAY
BEHIND**