



Captives as a Strategic Insurance Solution for Dealers

Thursday, September 4, 2025

GNYADA Dealer Webinars are Sponsored by:



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Regional Dealer Breakfast Meetings



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GNYADA.COM

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Captives as a Strategic Solution for GNYADA Members

September 4, 2025

Presented by:

Josh Stoll, VP Group Captives

Bill Passarotti, SVP Auto Dealer Segment



Introduction to Captive Insurance



What is a Captive?

An insurance company formed to insure the risks of its owner(s), parent(s), or members.



Core Purpose

Stabilize costs & gain control over insurance programs.
Tailor coverage for unique or hard-to-insure risks.
Retain underwriting profit & investment income.
Improve risk management & transparency.



History & Longevity


First modern captive: 1950s (U.S. steel industry).
Expanded in the 1970s–1980s as markets became volatile.
Now: a mainstream, global strategy.



Global Scale

7,000+ captives worldwide (2025)
Industries: healthcare, construction, higher education, transportation, and manufacturing
Leading domiciles: Bermuda, Cayman Islands, Vermont, Delaware

The State of the Insurance Market



Home Captives 101 Captive Operations Captive Services Domiciles Education & Events

US Commercial Insurance Rates Show 6.3 Percent Rise in Q1 2024


June 19, 2024 | [See Related Articles and Videos](#)

US commercial insurance prices have maintained a steady trend of consistent increases. According to WTW's Commercial Lines Insurance Pricing Survey (CLIPS), for the first quarter of 2024, prices rose by 6.3 percent compared to the same period in 2023. This increase is consistent with the trend observed since the global pandemic.

The CLIPS survey, which compares insurance prices on policies underwritten during the first quarter of 2024 to those from the same quarter in 2023, highlights a sustained pattern of price hikes. Notably, excess umbrella liability coverage saw significant price increases, with rates moving back into double digits after a brief period of single-digit increases in late 2022.

Commercial property rates, which had slowed to single-digit increases between early increases over the past 5 quarters. Meanwhile, cyber insurance, which experienced recently seen price decreases, with the latest figures showing a single-digit decline in late 2022.

Directors and officers liability insurance, which had shifted from a hard to a mid-single-digit decreases in recent quarters.



Times Insider

Taking Account of Rising Health Care Costs

Have your out-of-network insurance bills skyrocketed? Chris Hamby, an investigative reporter for The Times, may have an explanation.

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Social Inflation Drives 57% Surge in US Liability Claims Over a Decade

Litigation costs drove a 57% increase in US liability claims over the past decade, reaching an annual peak of 7% in 2023, Swiss Re reports.

By: [R&I Editorial Team](#) | September 11, 2024

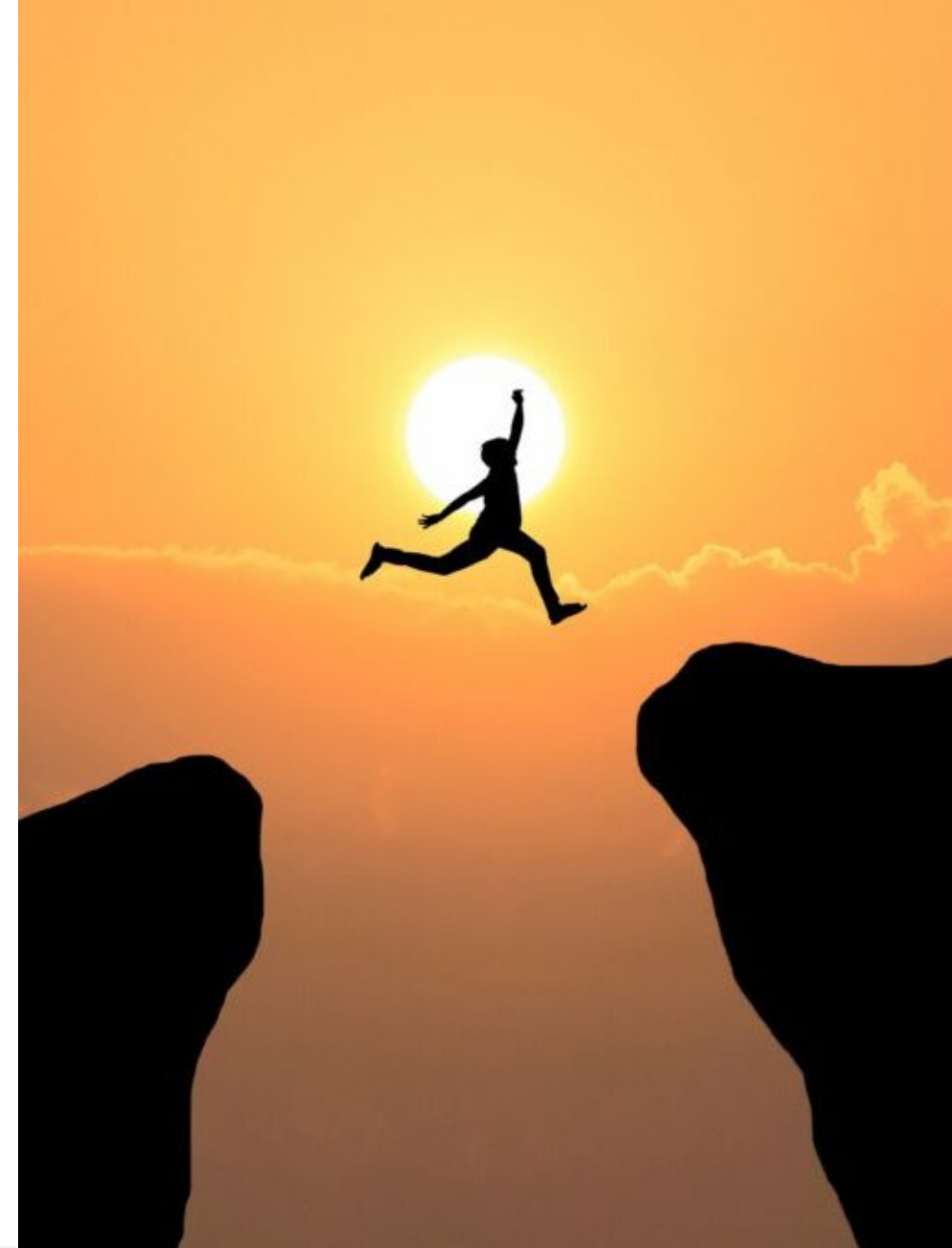
Topics: [Claims](#) | [Legal/Regulatory](#) | [News](#)

That Said...

It is not all Doom and Gloom

Any Challenge is an Opportunity

You just have to be willing to take the leap.



You Have Choices...

Keep It

- Big Risk / Big Reward
- Big Risk / Big Risk
- Control
- Communication & Risk Management are Critical

Transfer It

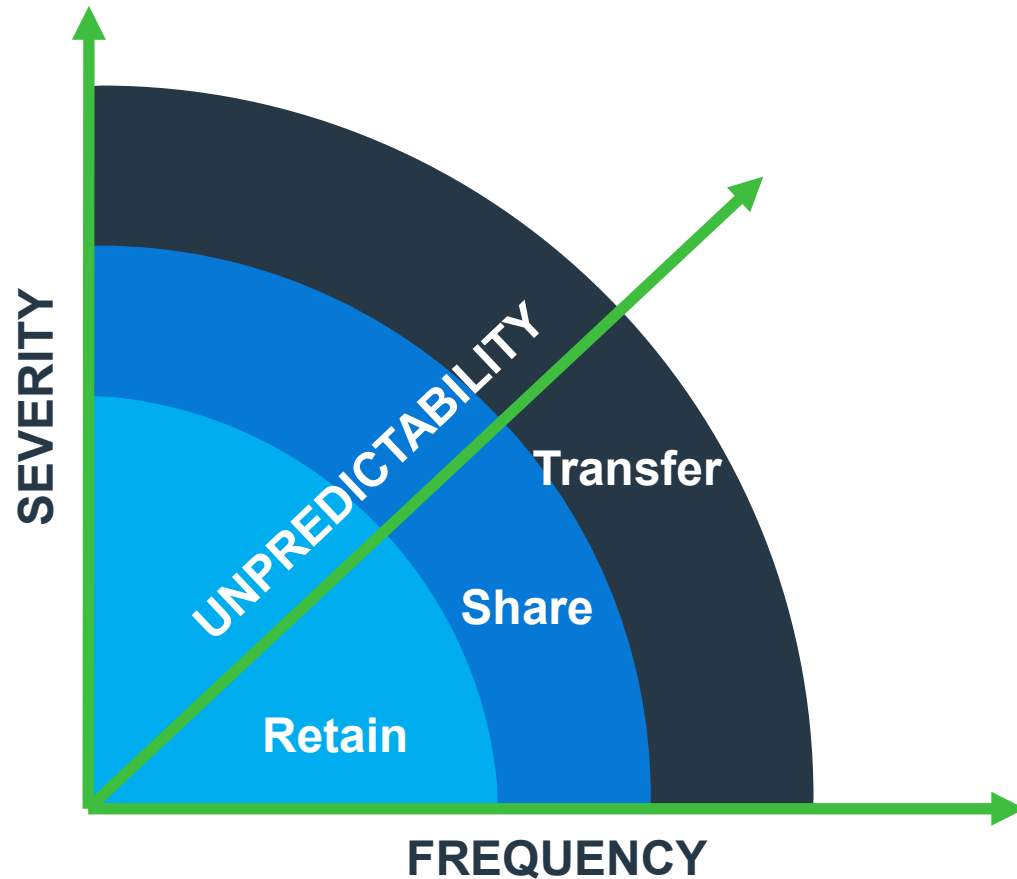
- No Risk / No Reward
- Transactional
- The Good Subsidize The Bad

Hedge It

- Retain the 'Right' Risk
- Limit your downside
- Turn Safety into a Profit

Hegde It – Group Captive Model

Risk is **retained**, **shared**, or **transferred**, depending on how unpredictable and costly it is



- You **retain** the more predictable, controllable layer of risk.
- The group **shares** risk within the retained layer; only if necessary.
- Unpredictable, catastrophic risks are **transferred** to an insurance company

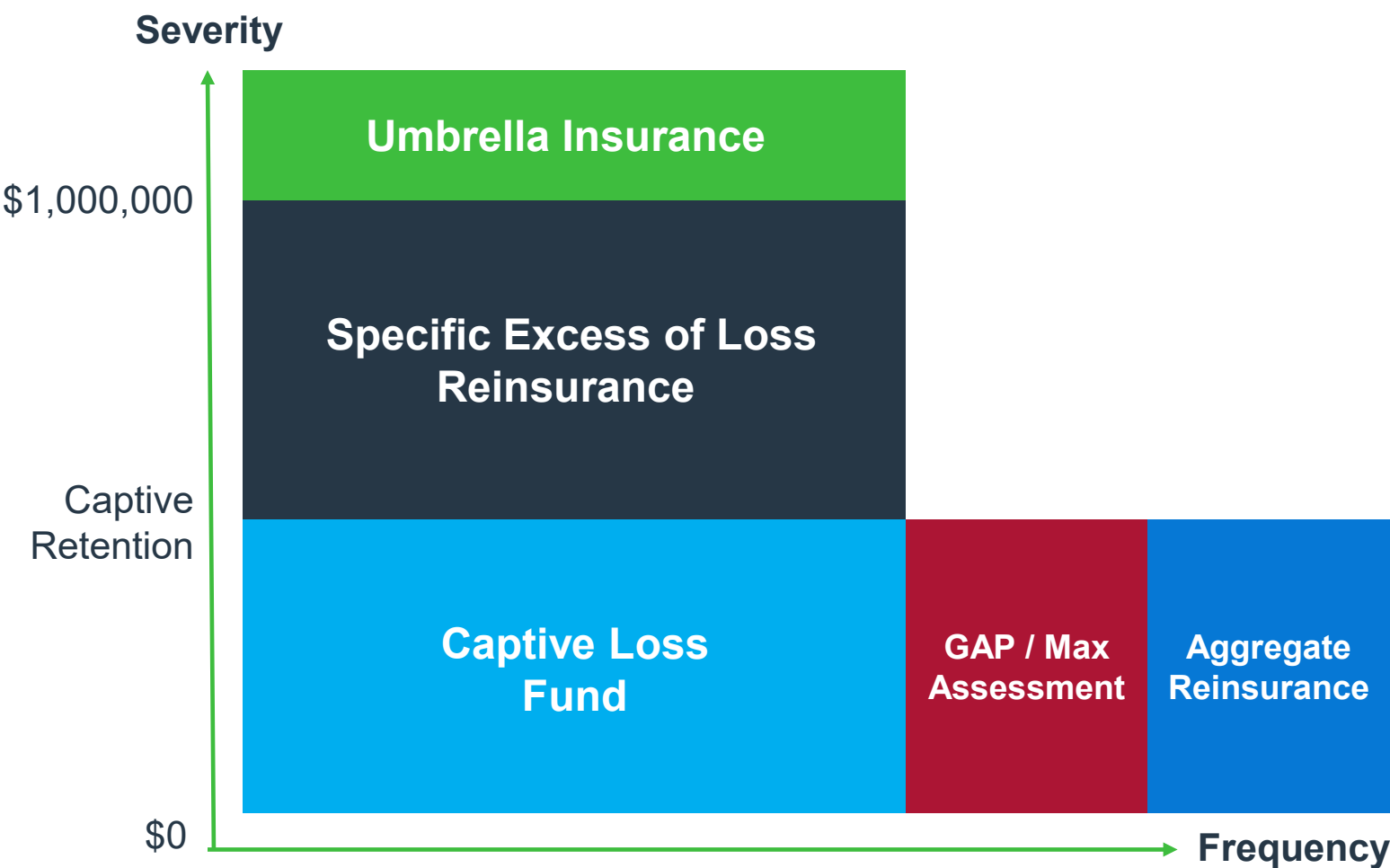
Program Structure

Reinsurance Layer

The Captive purchases reinsurance coverage to pass off its catastrophic loss potential

Captive Layer

Each company has a loss fund to pay its claims up to the retention level. Money not spent is eligible to be returned to the Member



Premium Allocation

Loss Fund



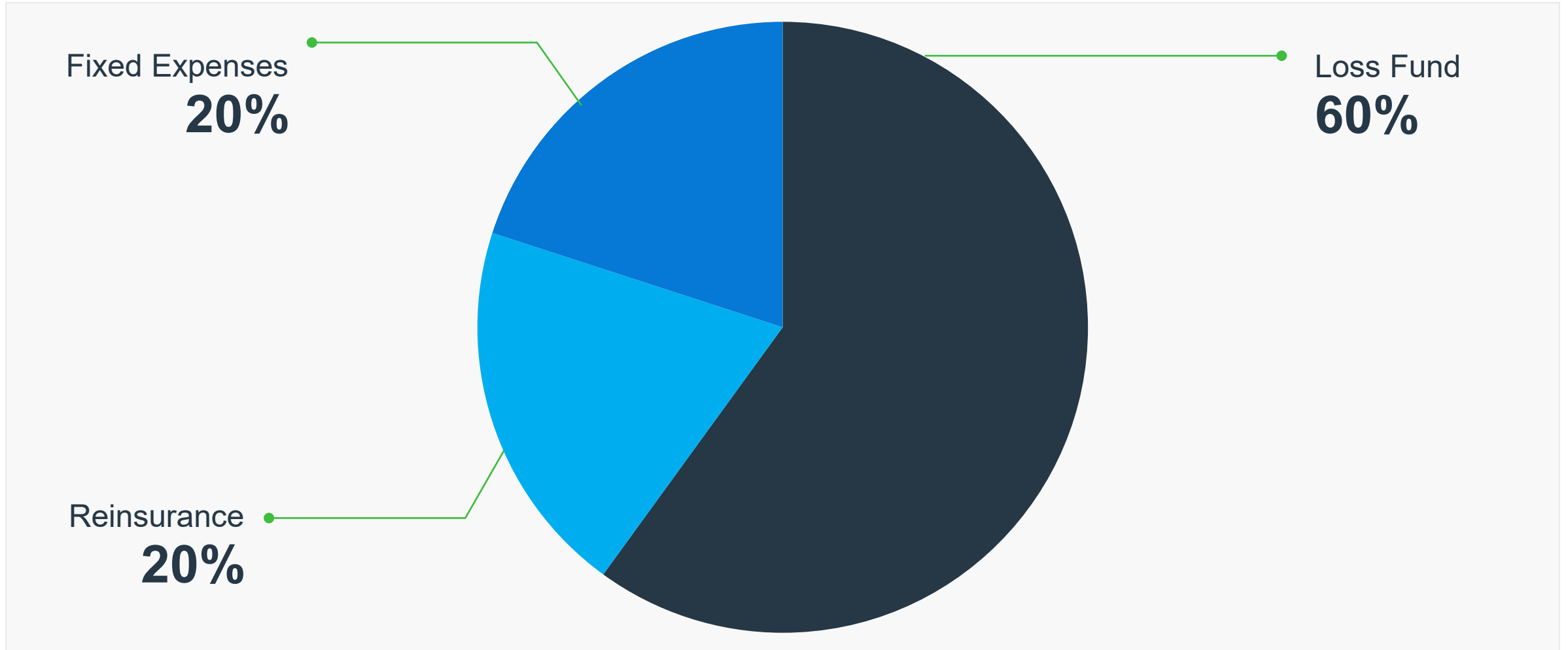
Reinsurance



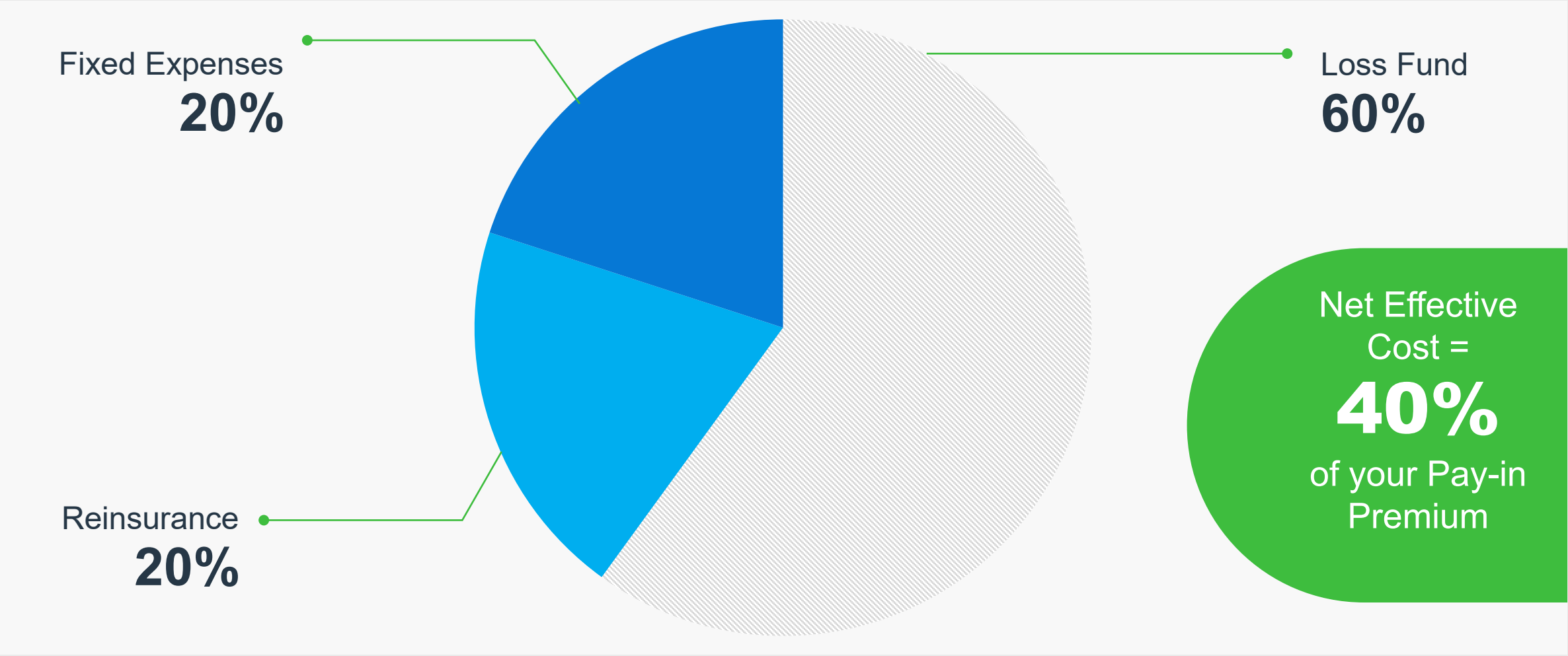
Expenses



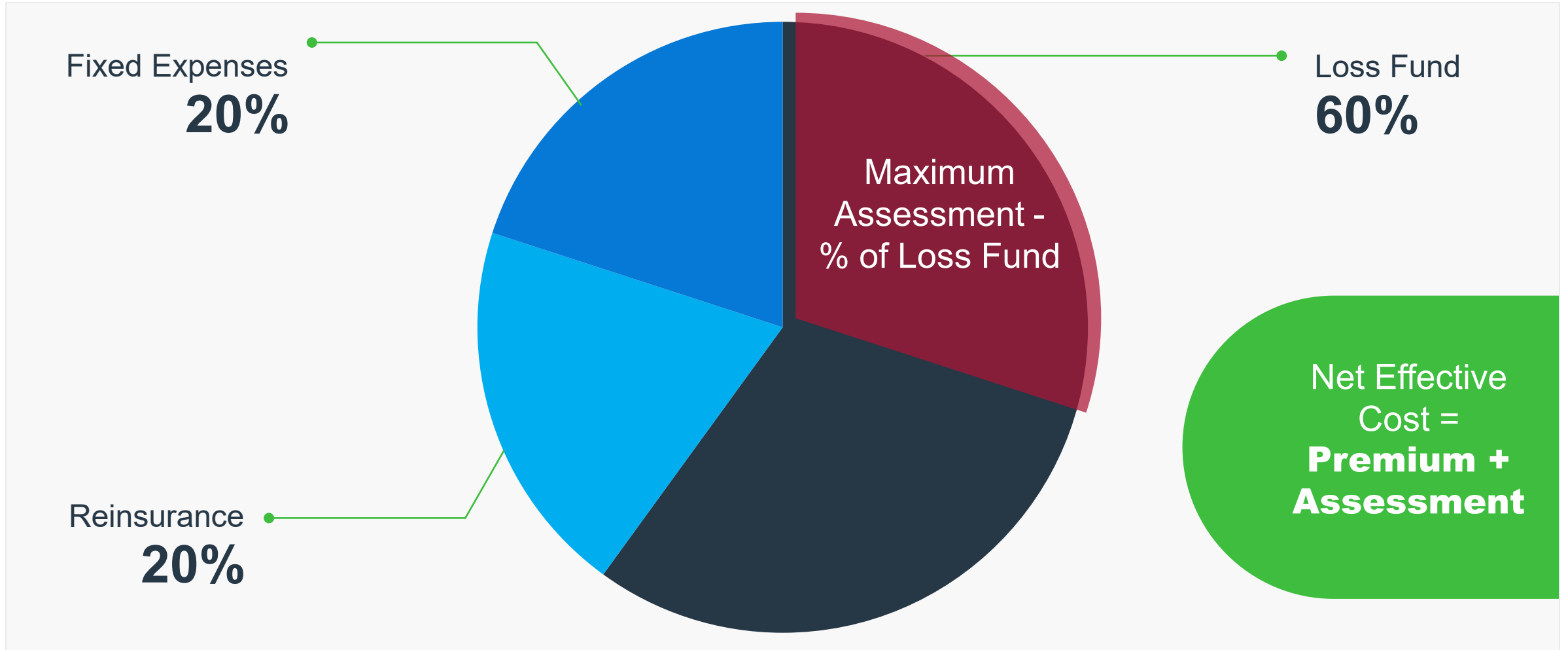
Sample Premium Allocation



Best Case - No Claims or Risk Sharing



Worst Case Scenario - Maximum Assessment



Auto/Truck Dealership Captive Coverages

General Liability



Garage/Auto



Workers' Compensation



Other Opportunities

- Rental
- Tire/Rim

Becoming a Member

Capitalization



Your ownership stake in the captive insurance company -
\$0 to \$35,000

Collateral



Protects the Members of the Group and the Insurance Carrier from an individual member's credit risk –
% of maximum exposure

Commitment



Longer term mindset;
No specific obligation,
but not a
Short-Term Strategy

Benefits of Alternative Risk Financing

The Difference between Buying Insurance & Financing Risk

Predictable and Controllable Results

Experience-based pricing, based on YOUR results. Know your best-case and worst-case scenarios for every program year.



Turn Risk into Profit

When members effectively manage risk and preserve their loss fund, the captive returns those dollars to the members – plus investment income.



Proactive Claims Advocacy

Access to exclusive tools and vendors that help reduce the cost of claims. Low which translates to lower renewals and larger surpluses.



Insulated from Market Conditions

Group captives are designed to take best-in-class companies out of the traditional cyclical insurance market and provide longer term stability for member companies.



Lower Operating Costs

Reduce operating costs by minimizing overhead and spreading costs among the members.



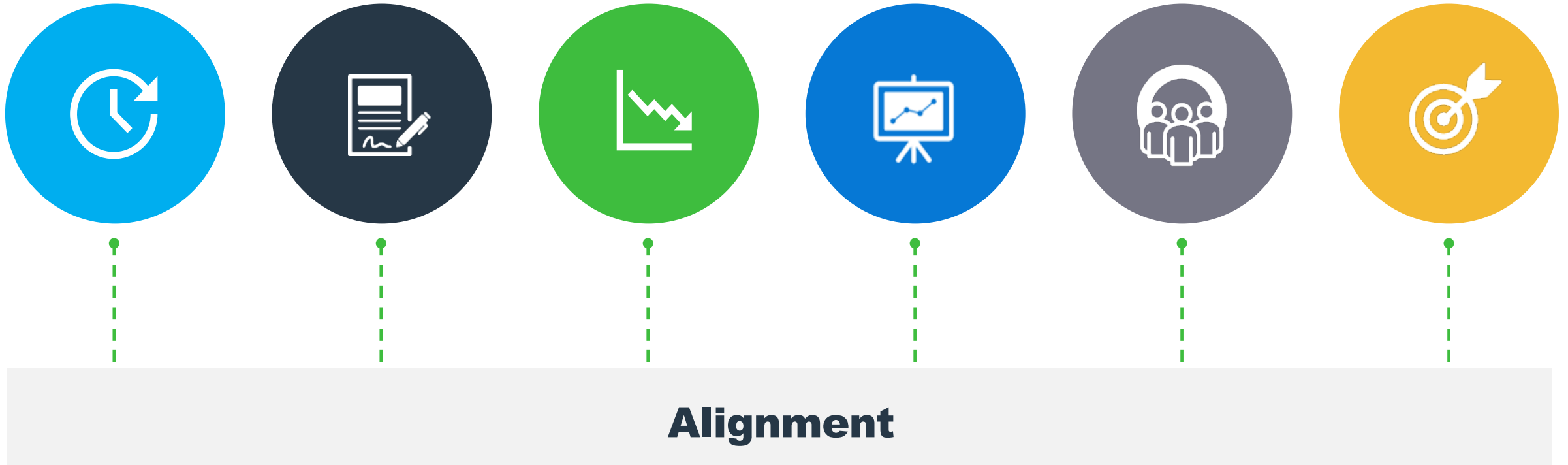
Ownership in your Insurance Program

Joining a group captive allows companies to become owners of their own insurance company, rather than just buyers of insurance policies. This affords member-companies more control over their total cost of risk.



Benefits of Alternative Risk Financing

The **Difference** between **Buying Insurance** & **Financing Risk**



Is a Group Captive Right for Me?

- The Right Mindset
 - Belief in What You Do
 - Culture of Safety & Risk Management
- Strong Financial Position
- Better than Average Performance
- Minimum Premium –
\$250,000+ (WC, GL, and Auto)





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Thank you



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