



CAPTIVE QUARTERLY

from ALTERNATIVE RISK RESOURCES

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Upcoming Captive Information Seminars

Every year Alternative Risk Resources hosts several two-hour informational seminars that provide an excellent opportunity for you to learn about, compare, and discuss the various captive programs we offer. These seminars also provide a chance for you to talk directly to top executives of companies that are currently utilizing captive insurance.

Most companies find it effective to have their top financial officer attend the seminar, along with the company's president or chief operating officer. The risk manager and insurance personnel are also welcome to attend.

2008 Seminar Dates:

April 22 Fox Valley, WI
June 3 Milwaukee, WI
Sept. 18 Chicago, IL
Nov. 6 TBD

To register for a seminar, go to our website, www.altriskresources.com and click on the link for **Upcoming Info Sessions**. Or call us at: **262.754.9100**.

News Update

Q&A About The Proposed IRS Regulation For Some Types Of Captive Insurance Companies

You may have read about the recent IRS proposal to eliminate the federal tax benefit for certain types of captive insurance companies, in essence putting them on the same footing as self-insureds. Though this change will have no effect on the captive programs offered by Alternative Risk Resources, we would like to address some of the most common questions being asked.

What types of captives will be affected by this proposed regulation?

The proposed regulation is aimed at captives that are included on a consolidated federal tax return and are either: (1) domestic-domiciled single-parent captives owned 80 percent or more by a domestic parent, or (2) foreign-domiciled captives that elected, under IRS code, to be taxed as if they were domestic companies.

(continued on page 2)

"The proposed regulations only apply to insurance captives that are members of a so-called "consolidated group" for federal income tax purposes. These regulations have no applicability whatsoever to a captive owned by a group of unrelated companies, unless one company owns 80 percent or more of the captive. Historically, group-owned captives have much less tax risk than single parent captives that insure sister companies of the common parent."

- Timothy A. Nettesheim
Reinhart Boerner Van Deuren s.c.



**ALTERNATIVE
RISK RESOURCES**

SMART. INNOVATIVE. INSURANCE SOLUTIONS.

New Look For Alternative Risk Resources

The new year has brought changes to ARR with a new logo, tagline and website. Our new logo is a Celtic knot created with our company initials, ARR. Celtic knots symbolize trust, one of the key attributes we bring to every insurance discussion. Our logo works in concert with our new tagline,

Smart. Innovative. Insurance Solutions, to highlight our commitment to providing clients with the captive insurance program that is uniquely right for their company. All the pieces come together on our newly redesigned website, www.altriskresources.com. Take a look; we think you'll like what you see.

Frequently Asked Questions (cont. from page 1)

For those companies in affected captives, what will be the ramifications of the proposed regulation?

The proposed regulation will defer the tax deduction for an incurred loss arising from related party business until it is actually paid. This change would essentially treat the transaction as self-insurance for tax purposes.

My company has considered joining a captive through Alternative Risk Resources. If these regulations pass, what would it mean for us?

Members of captive insurance programs offered by Alternative Risk Resources will not be affected by the proposed IRS changes. None of our captives are owned 80 percent by one member, nor have they ever elected to be treated as domestic companies for U.S. tax purposes. Our captives are treated as foreign companies by the IRS and, thus, do not fall under the jurisdiction of the IRS.

Could the reach of these proposed IRS regulations be expanded to apply to captive programs offered through Alternative Risk Resources?

No. The captives we offer are not, and never will be, single-parent captives; many different companies make up their membership. We handle only group owner-controlled captive insurance programs in which each owner/member has one voting share.

Please note: The preceding statements are to be read as the observations of experienced captive insurance tax professionals, but do not constitute and should not be construed to be tax or legal advice and cannot be used to avoid tax penalties. Interested taxpayers should consult their own tax advisors on application and consequences of this proposed regulation to their particular factual circumstances.

Free Safety Talk Webinars

Please join us for a series of live online informational webinars designed to reinforce a culture of safety. Programs start at 10am and 2pm Central Time, run 45 minutes to an hour and are conducted by a risk control professional.

For more information or to sign up for a session, email or call us:

info@altriskresources.com

262.754.9100

May 13, 2008

Accident Investigation/
Accident Response

June 10, 2008

Machine Guarding Principles

July 8, 2008

Responding To/Surviving an
OSHA Inspection



Save A Tree—Get News By Email

If you would rather receive the Captive Quarterly via email, just send us your email address at:

info@altriskresources.com

We'll make the change with the next issue.



With more than 50% of all insurance now in alternative markets, alternatives have become the norm.

Source: A.M. Best Co.



Alternative Risk Resources is a full-service commercial insurance brokerage firm that specializes in group captive insurance. As captive specialists, we provide long-term solutions that deliver financial predictability and control while lowering premium costs and expenses.

We represent companies throughout the United States across a wide range of industries—from manufacturers to distributors to contractors. Most are long-term clients. The reason is simple—we've earned their trust.

We won't do business until we understand the intricacies of your business and the unique challenges you face. Then, we'll work with you as a partner, committed to transparency and accountability in everything we do.

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