

RENEWABLE ENERGY™



The Captive Insurance Opportunity: Renewable Energy

Most corporate buyers of insurance have heard the terms “Captive Insurance” or “Captive Insurance Program,” however, many business owners may have differing levels of understanding of this concept.

The goal of this article is to help readers gain clarity on the subject of captive insurance programs and to provide basic knowledge on just how a captive program could benefit their business performance and profitability.

WHAT IS A CAPTIVE?

A captive is an insurance company created and wholly owned by one or more non-insurance companies to insure the risks of its owners (example: a group of businesses, individuals, a franchisor, or their association could form a captive). Captives are a form of self-insurance (with full reinsurance protection) where the insurer is owned wholly by the insureds. They are typically established to meet the risk management and insurance needs of its owners or members.

One of the main reasons businesses form a captive program is to earn underwriting profits and investment income based on the performance of their individual company. Because members have the potential to earn underwriting profits and investment income, participation in a captive insurance program is viewed as one way to transform the insurance expense line of a P&L into a profit source.

RENEWABLE ENERGY GROUP CAPTIVE PROGRAM - WHY THE TIMING IS RIGHT FOR THIS INDUSTRY GROUP

York Risk Services has developed a member-owned group captive for the renewable energy industry. Renewable energy has had tremendous growth in the US in the past several years. The leaders in this space are seeing their Workers’ Comp and GL premiums rise, while their historical loss ratios have been extremely low. These accounts are often “assigned by analogy” because it is a relatively new industry and there is not enough rate-making data to support their own classification and rate structure.

Because of the low loss ratios and misclassification issues, most carriers cannot price these accounts appropriately with their current filed rate plans. A group captive option is one of the few ways in which these accounts can take advantage of their strong risk management practices, and ultimately pay fair and equitable premium for their exposure.

ARTICLE

CAPTIVES: THE CAPTIVE INSURANCE OPPORTUNITY

Among the benefits to business owners:

- Underwriting profits that **directly enhance your company's P&L**
- A **market-competitive** insurance rate
- Superior Safety and Claims Management Services that **reduce your claims frequency and drive costs to the lowest possible level**
- **Comprehensive coverage** designed to meet the insurance requirements of your contracts (for Workers' Compensation, General Liability & Auto Coverage)
- Full insurance and reinsurance protection from an **"A+ XV" Rated insurance carrier**
- **Greater control** over and involvement in how your claims are managed
- The **lowest net cost for insurance**, which provides you with a competitive advantage in the business marketplace

CAPTIVES ARE THE FASTEST GROWING SEGMENT OF THE COMMERCIAL INSURANCE MARKETPLACE

Chances are a captive could be a good fit for your company and satisfy your insurance needs. For qualified businesses, a captive program would provide a greater degree of control over insurance costs while also providing a welcome new profit stream.

TARGET MARKET SEGMENT/CLASS OF BUSINESS THAT FIT INTO THE RENEWABLE ENERGY CAPTIVE

The Renewable Energy Captive is focused on Commercial, Utility and on a limited basis, Residential, Solar and Wind Operations. The Captive includes Contractors, Developers, Owners and Integrators of Hydro, Biomass, Geothermal, Recycling Plants and service providers to those operations. The program will also target Manufacturers of Panels, Inverters, Trackers, Wind Turbines, Storage, and other businesses focused on renewables.

ABOUT THE AUTHOR

Monica Everett is Vice President of Sales for York Alternative Risk Solutions, responsible for the design and implementation of captive insurance structures and solutions. With over thirty years' experience in Property & Casualty and Alternative Risk Insurance, Monica is well versed in both Group Captive and Single Parent Captive Insurance Programs, with a focus on the long-term reduction of risk and expense for clients. She was the lead broker and top producer for a very successful Group Captive Insurance Program for ten years and has established many Captives and Alternative Risk Programs throughout her career.

Because of her extensive experience, Monica is regarded as an expert advisor to clients seeking Captive, Self-insured, Large Deductible, Risk Retention Groups or Retrospective Rating Plan Insurance Programs. Monica is a graduate of the University of Texas and holds a Construction Risk and Insurance Specialist Designation.

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