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Captive Insurance Companies – Family-Owned Food Processors Might Consider This Opportunity

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Because I've had a couple of food industry clients inquire of me about the benefits of Captives, I attended a morning seminar on the topic earlier this week. I was very keenly interested in the real benefits that are available to companies that seem to fit the profile of many food processing businesses: closely held, privately owned-businesses that are profitable (with at least \$1 million in profit) and generating more than \$15 million in annual revenue. Captives can be used as an alternative to conventional insurance, including insuring risks not covered by conventional insurance policies (such as deductibles, policy exclusions, coverage that is unavailable or exceedingly expensive, or other risks that are otherwise self-insured by the business), and can provide real "bottom-line" benefits, including income tax savings, creditor protection and new profit streams. In addition, the business succession and estate planning benefits (which would allow for the next generation to be in an even-better position to take over the family business).

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