Oxford Research Group, LLC

Executive Summary

Oxford Research Group, LLC

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What Is A Captive?

A Captive Insurance Company (Captive) is a property and casualty insurance company established to provide coverage primarily for a parent company. It can be a valuable risk management tool which allows businesses to more effectively manage corporate risks of all kinds. Captives often are set up to insure enterprise risk, risk for which commercial insurance is not available or may be too expensive. In many cases, the owner of the parent company is also the owner of the captive; however, the arrangement may be alternatively structured so the captive is owned directly by the operating company, another person, entity, or trust. The captive insurance company must act as a legitimate business entity and must remain in compliance with all insurance regulatory provisions and internal revenue service requirements.

A captive insurance company may be established to provide unique coverage or coverage not available through commercial property and casualty insurance companies. Coverage underwritten through and insured by a captive insurance company is often best utilized as a supplement to existing coverage, providing a more effective total risk management program for the business owner. The captive insurance arrangement may also be implemented in order to allow the captive owner to capture overhead, profit and other capital which would normally transfer to another insurance carrier. Once the desired insurance risks have been identified, an actuarial company will be retained to determine an appropriate premium for the risks assumed by the captive, which will in turn provide coverage for the named risks.

In these uncertain times, the successful business owner faces the pressure of multiple risks in their daily operations. Examples of these risks include: loss of a business license or professional license, adverse financial impact of regulatory or legislative changes, loss of a key vendor or major client, loss of franchise license or lease, environmental losses, regulatory inspection failure, etc. Small to mid-size privately held businesses can benefit from risk management tools that can help them more effectively manage such enterprise risks and control their insurance costs. To that end, the business owner should consider establishing their own Captive Insurance Company. If properly structured and underwritten, premiums paid by the parent operating company to its captive insurance company for property and casualty coverage, should be tax-deductible to the parent company as ordinary and necessary business expenses.

A captive insurance company allows the business owner to reserve against property and casualty risks, and other enterprise risks, as noted above. These are often the types of risk that keep business owners up at night and could result in business interruption, loss of revenue or even drive them out of business. These are risks that the business owner faces every day, but for which insurance coverage may not be available or may prove too costly to obtain. Business owners currently self insure for risks of this type, or may utilize a reserve account on their balance sheet for this purpose. To manage these needs, the parent company can create a captive insurance company which will design an insurance program tailored specifically for their unique situation.

There are no firm rules regarding the minimum amount of gross revenue a company should have in order to benefit from implementation of a captive insurance company, nor is there a minimum amount of annual insurance premiums a company should be prepared to pay before it considers forming a captive. In order to successfully implement and manage the captive insurance company, there are a number of professionals who must be engaged to help develop, implement and provide administrative management for the company. The Oxford Research Group will coordinate the efforts of our Best-in-Class team of experts to accomplish a turn-key service for our clients with the most experienced team in the industry.

Why Form A Captive?

There are numerous potential advantages to forming a captive insurance company. Captive insurance companies are formed for both economic and risk management purposes. For example, by forming a captive insurance company, a business can dramatically lower insurance costs in comparison to premiums paid to a conventional property and casualty insurance company. By establishing one's own insurance vehicle, costs for overhead, marketing, agent commissions, advertising, etc., may result in significant savings in the form of underwriting profits, which can be retained by the owner of the captive company.

Additionally, a captive insurance company can provide protection against risks which prove to be too costly in commercial markets or may be generally unavailable. The inability to obtain specialized types of coverage from commercial 3rd party insurers is another reason why clients may choose to establish a captive insurance company. With a captive insurance company, a business owner can address their self-insured risks by paying tax deductible premium payments to their captive insurance company. To the extent the captive generates profits, those dollars belong to the owner of the captive.

In most cases, to the extent existing P&C coverage is reasonably priced, business owners will continue to maintain existing policies for their traditional coverage, and supplement existing coverage by addressing their self-insured risks with their own captive insurance company. Policy features, coverage and limits can be drafted to meet specific enterprise exposures. This allows for many risk-management advantages, including:

- Greater Control over Claims
- Increased Coverage
- Increased Capacity
- Underwriting Flexibility
- Access Reinsurance Market
- Incentive for Loss Control
- Reduced Insurance Costs
- Capture Underwriting Profit
- Pricing Stability
- Improved Claims Review and Processing
- Purchase Based on Need
- Tax Benefits
- Investment Income
- Additional Profit Center

In general, your captive insurance company will be capable of delivering better service to your operating company, than a commercial insurance company could. The feasibility analyst team at The Oxford Research Group will help you to determine the best balance between coverage retained from commercial carriers and your captive insurance carrier.

The Oxford Research Group will coordinate the services of a captive manager, risk manager and actuary to determine an appropriate amount of premium to be paid for the coverage being provided. Premium payments made by the operating company to the captive insurance company for property and casualty insurance coverage should be tax-deductible as ordinary and necessary business expenses, just as they would be treated had they been made to a traditional insurance company.

Internal Revenue Code Section 831(b) provides that captive insurance companies are taxed only on their investment income, and do not pay taxes on the premiums they collect, providing premiums to the captive do not exceed $1.2M per year. Further, the captive may retain surplus from underwriting profits within reserve accounts, free from income tax. It can also generate profits by controlling or eliminating costs for overhead, marketing, advertising, agent commissions, profits, etc., items normally built into the premiums charged by traditional insurance companies. After adjustment for expenses and claim payments, net underwriting profits are retained within the captive insurance company. Over the years, profits and surplus may accumulate to sizeable amounts, and may be distributed to the owner(s) of the captive company, under favorable income tax rates as either dividends or long-term capital gains.

Amounts set aside as reserves for potential claims payments, plus capital surplus, should be maintained in safe, liquid asset classes so that the captive has adequate solvency to pay claims when called upon. The formation of your Captive Insurance Company and eventual issuance of a certificate of authorization to do business, are subject to approval by the insurance regulators in the jurisdiction where the insurance captive is formed. The insurance regulators will also oversee the organization of, and ongoing operation of, the captive insurance company to assure ongoing compliance with the rules for that jurisdiction. You may own your captive insurance company, or alternatively it may be owned by your operating company, another individual, a corporation or a trust, presenting a number of flexible planning opportunities including wealth accumulation, wealth transfer, asset protection and business succession planning.

A properly designed Captive Insurance Company arrangement can provide significant Wealth Accumulation opportunities, and can also allow for efficient and tax-advantaged Wealth Transfer and Asset Protection strategies. Professionals at Oxford Research Group will work with your legal and tax advisors, and coordinate the activities of our Best-in-Class professional advisors, to help ensure that your captive arrangement is compliant and meets all requirements for successful implementation. A captive insurance company established as a stand-alone business entity, can offer many additional planning advantages to the business owner, including:

- Estate Planning
- Asset Protection
- Wealth Accumulation
- Business Succession Planning

As noted above, the captive insurance company can be utilized as an effective wealth transfer vehicle. For example, a high net worth individual may choose, with the assistance of estate planning counsel, to implement an irrevocable trust for the benefit of his children or grandchildren. The irrevocable trust may, in turn, own 100% of the captive's shares, providing an effective mechanism to benefit trust beneficiaries via increases in the captive's overall net worth, resulting from increases in its investment portfolio over time. When owned by an asset protection trust, capital and surplus of the captive insurance company can be protected from litigation risk. This arrangement can play an effective role in protecting assets from future creditor's claims.

Frequently Asked Questions

What is a Captive?

A Captive Insurance Company is a Property and Casualty Insurance Company that is formed to cover risks of its parent company. Captive Insurance is a risk management tool which allows businesses to more effectively and efficiently manage corporate risk. Captives often are set up to insure enterprise risk, risk for which commercial insurance is not available or may be too expensive.

Are Captives New to the Marketplace?

Captive Insurance is not a new concept. The concept of a business forming a wholly-owned insurance company which would insure its owner's risks can be traced back to the group of London merchants who lost their assets in the Tooley Street fire in 1861. The concept continued in the 1920s when several corporations with multi-national interests, including British Petroleum, Unilever and Lufthansa each formed wholly-owned insurance companies. The late Fred Reiss conceived and marketed the concept of a wholly-owned insurance company which he called a "captive". In 1957, Reiss formed his first captive in Cleveland, Ohio for the Youngstown Sheet and Tube Company; over the years captives have stood the test of time. Most Fortune 500 companies have their own Captives. Thousands of small companies have also set up captive insurance companies. What is different today is that a client can enjoy a conservative structure within a highly regulated U.S. Domicile with costs that are similar to what business owners could only previously obtain with offshore planning.

What type of company can benefit from a Captive Insurance Company?

Captive insurance companies can suit a wide range of companies. Large corporate structures often benefit from creating a wholly-owned captive, or "pure captive" to insure risks suitable for the organization's business needs. Smaller companies can benefit from captive insurance planning by insuring enterprise risk, exposures for which commercial insurance is not available, or may prove too costly via traditional insurance carriers. Enterprise risk is usually an uninsured risk, but a business owner cannot take a tax deduction for that risk without setting up a captive insurance company.

What are the Advantages of a Captive?

Internal Revenue Code 831(b) provides significant tax advantages for small insurance companies (Captives). As long as annual premiums are $1.2 million or less, the captive should not pay federal income tax on premium income. Further, underwriting profits and reserve accounts remain tax free. Investment income is taxable to the captive insurance company at graduated corporate rates. Dividends distributed from the captive, if any, should be taxed at long-term capital gains rates as a qualifying dividend.

What Investments Can a Captive Own to Provide Reserves?

A captive can own any investment approved by the insurance regulators in the jurisdiction where the captive insurance company is domiciled. It is important for the captive to maintain appropriate liquid reserves in order to meet potential claims liabilities. Therefore, U.S. based captive insurance companies are highly regulated, and investment portfolios tend to be conservative and provide significant liquidity.

Investment Plans for captive insurance companies are typically structured in a manner which will reduce exposure to taxation from investment income. It is not uncommon for the captive investment manager to incorporate tax-free municipal bonds and other asset classes generating annual dividend income. The Dividends-Received Deduction under U.S. federal income tax law, provides that the captive can exclude 70% of the dividends it receives from taxable income.

What is a Typical Captive Design?

According to industry reports, approximately 90% of the world's captive insurance companies are domiciled outside of the U.S. Among the advantages of an offshore captive are potentially less restrictive regulatory oversight, broader range of acceptable investment options, low set up costs and ongoing expenses. Our primary captive design is meant to marry a highly regulated U.S. domicile with very cost efficient economies of scale.

The company considering forming the captive must have the financial resources to contribute to the captive insurance company. All U.S. jurisdictions have minimum capital requirements for captive insurance companies, and successful operations require the services of numerous professionals such as lawyers, actuaries, accountants, etc., to assist with the creation and provide ongoing maintenance of the captive. A captive management company will be retained, to coordinate the activities of the other professional, provide claims review services, and manage the day-to-day operations on a turnkey basis.

What jurisdiction should I select for my Captive Insurance Company?

There are many excellent jurisdictions to consider, offshore as well as, within the U.S. In addition to the domicile considerations noted above, geography should be added to the list. You may be required to travel to the jurisdiction to perform any implementation activities and physically form the captive insurance company. Additionally, most jurisdictions require the captive to have at least one meeting per year within the jurisdiction, along with a registered agent and a physical address. While the captive organizers may want to form a captive in a more exotic jurisdiction, it can also increase compliance costs. There are numerous U.S. domiciles offering attractive captive statutes, with excellent regulatory oversight, respected courts, significant case law and corporate law expertise in a stable environment. Several jurisdictions allow for captive design and formation with efficient, cost-effective structures.

How Can I find out if a Captive Insurance Arrangement is right for me?

In order to make a determination if a captive insurance arrangement is desirable, Oxford Research Group, LLC, will facilitate the preparation of a feasibility analysis. This is an analysis which includes input from actuaries, attorneys and risk managers. The purpose is to analyze the parent company’s risk profile and financial position to determine the appropriate type of insurance policies to underwrite along with an analysis of the legal environment for the proposed captive domicile and financial projections for the captive that the company is forming. The information gathered during the analysis will be incorporated into a formal feasibility study and report, to be submitted to the insurance regulatory team along with the business plan, as part of the review process for potential captive formation.

Prior to implementation of your captive insurance company, we will provide review services to make an initial assessment of the potential viability of a captive for your situation. In the event a captive insurance company would meet your goals and objectives, you will engage the services of legal counsel to draft the necessary documents and seek regulatory review by the insurance department of your selected jurisdiction, prior to implementation. The insurance department regulators will work with your implementation team to review and approve the structure, coverage, policy language, pricing and captive business and investment plans, as appropriate.

What is the Time Horizon for a Captive?

Any company considering forming a captive should have a long-term plan for the proper development and implementation of a captive program. Once the captive insurance company is established, an organization should set aside a minimum of seven years before taking distributions, dividends, or loans from the captive, and ideally, this time period should be at least 10 years. If the insured company maintains a favorable loss profile – the captive pays few claims – then the captive's investment portfolio will increase at a high rate, because of the time value of money.

How does a CIC fit into my overall estate plan?

The establishment of a captive insurance company can complement your estate plan. One of the advantages of flexible captive ownership is the ability to create CIC shares in your children's name, or in an irrevocable trust, outside of the taxable estate. You should discuss captive creation strategies with your estate planning counsel to assure that the most appropriate structure is utilized to fit your estate planning objectives.

How can a CIC complement an asset protection plan?

With litigation activity on the rise, it can be beneficial to grow some portion of wealth in an entity that provides protection from judgment creditors. The captive insurance company may be owned by an asset protection trust, further safeguarding those dollars from potential litigation exposure. Asset protection rules vary by jurisdiction, making it essential to include counsel familiar with asset protection planning in the planning process.

Domicile Selection

Domicile selection is one of the most important factors to consider when forming a captive insurance company. The Oxford Research Group is prepared to assist our clients and their advisors in making a determination of various domiciles best suited to meet their goals and objectives – regardless of location. Items to consider when selecting domicile will include: taxation, regulation, infrastructure, compliance, investment objectives, and overall perception of the structure. It is also important to analyze first year implementation and ongoing management costs to remain compliant in the jurisdiction you select for your captive insurance company.

There are many excellent jurisdictions to consider, including domestic and offshore domiciles. In addition to the domicile attributes noted above, you may be required to travel to the jurisdiction to perform any implementation activities and physically form the captive insurance company. Additionally, most jurisdictions require the captive to have at least one meeting per year within the jurisdiction, along with a local registered agent and a physical address.

Historically, the vast majority of new captive insurance companies created worldwide have been established in international domiciles. Over the past several years, many U.S. states – in excess of 30 - have either approved new captive legislation or amended their existing captive statutes, making it possible for the business owner to enjoy many of the benefits previously associated only with offshore domiciles. Business owners may prefer the advantages of establishing their captive in the U.S., and there are now many attractive options to consider.

The Oxford Companies have the ability to implement captives in multiple domiciles. While many of the leading domiciles have favorable laws, no one jurisdiction offers the best solution for every client and every captive. The Oxford Research Group expert team of advisors has the regulatory relationships, experience and knowledge to assist in the selection of the most appropriate domicile to generate the most favorable result.

We can also help to evaluate the effectiveness of existing captive insurance structures for business owners contemplating re-domestication of their captive. With increased scrutiny of international business arrangements by the U.S. government, many clients have elected to explore onshore captive formation for enhanced peace of mind.

Taxation/Legal

Case law impacting business owners who created captive insurance companies began in the early 1900s. This longstanding history of court decisions provides us with a roadmap to allow successful implementation of a captive insurance company, with predictable tax results.

Internal Revenue Code 831(b) provides significant tax advantages for small captive insurance companies. Captive insurance companies may be taxed only on their investment income, and do not pay taxes on the premiums they collect, providing premiums to the captive do not exceed $1.2M annually. Further, the captive may retain surplus from underwriting profits free of income tax. Investment income is taxable to the CIC at graduated corporate rates, while dividends paid out of a captive, if any, should be taxed at long-term capital gains rates as a qualifying dividend.

In order to be eligible for the favorable taxation noted above, it is crucial that the captive insurance company be structured and managed as an insurance company, providing true risk, for appropriate premium levels. The Service has frequently stated that an insurance contract must fall within the "commonly accepted sense of insurance" based upon a number of factual determinations. A captive insurance company must be organized and operated for bona fide business purpose, and demonstrate both risk shifting and risk distribution in order for the arrangement to meet the requirements to qualify as insurance in the commonly accepted sense.

In Technical Advice Memorandum 200816029 (April 18, 2008), the Service has stated that cases involving "captive insurance" arrangements have distilled the concept on "insurance" for federal income tax purposes to three elements, applied consistently with principles of federal taxation:

1. Involvement of an insurance risk
2. Shifting and distribution of that risk
3. Insurance in its commonly accepted sense

Fortunately there is a long history of case law to guide the captive implementation and regulatory team throughout the process, enabling the experts to design a compliant captive insurance company. Better yet, through the application of "safe harbor" Revenue Rulings, the business owner has a clear path for captive design with predictable tax results. The Oxford Insurance Company, LLC has obtained a tax opinion, providing analysis of its captive insurance structure confirming that our arrangement should constitute insurance for federal income tax purposes and that amounts paid as premiums are deductible as insurance premiums under Section 162 of the Code.

Investment Plans for captive insurance companies are typically structured in a manner which will reduce exposure to taxation from investment income. It is not uncommon for the captive investment manager to incorporate tax-free municipal bonds and other asset classes generating annual dividend income. The Dividends-Received Deduction under U.S. federal income tax law, provides that the captive can exclude 70% of the dividends it receives from taxable income.

Revenue Rulings

Relevant IRS guidance includes:

Revenue Ruling 78-338 – The Internal Revenue Service held that a Group Captive Insurance Company - where no shareholder's individual risk exceeded 5% of the total risks of the captive - had sufficient risk shifting and risk distribution

Revenue Ruling 2001-31 - The Internal Revenue Service abandoned its "economic family theory" with respect to captive insurance transactions

Revenue Ruling 2002-89 – Provides a safe harbor determination for risk shifting if a captive has more than 50% unrelated business risk

Revenue Ruling 2002-90 – Reviews Brother and Sister Operating Subsidiaries and establishes the Rule of 12 for safe harbor purposes

Revenue Ruling 2002-91 – If the liability of each company is no more than 15% of total risks insured by the captive, significant Risk Shifting and Risk Distribution exists

Revenue Notice 2004-65 – The service stated that 831(b) no longer should be identified as "listed transactions" for purposes of disclosure, registration, and list maintenance requirements

Revenue Ruling 2005-40 – Reviewed cases in which the captive underwrote a significant amount of third party risks, risk distribution and risk shifting were found to be present, even when the captive insurance companies that were wholly owned, or nearly wholly owned by its insured's

Revenue Ruling 2008-8 – The service stated "Risk distribution necessarily entails a pooling of premiums, so that a potential insured is not in significant part paying for its own risks"

Revenue Notice 2008-19 – The Internal Revenue Service indicated it intended to set forth proposed guidance on when a protected cell company would be treated as an insurance company

Proposed Regulations (REG–119921–09) – On September 14, 2010, the Treasury proposed that domestic series organizations (typically a series limited liability company – Series LLC) would be treated as a separate entity formed under local law and general tax principals

Case Law History

Helvering v. LeGierse **(1941)**
Established the principle that both risk shifting and risk distribution are requirements for a contract to be treated as insurance.

Crawford Fitting Co. v. U.S. **(1985)**
Insurance premiums paid to a Captive by a group of separate corporations that were owned and controlled by a group of related individuals were deductible. The shareholders of the captive were not so economically related that their transactions had to be aggregated and treated as the transactions of a single taxpayer.

Humana, Inc. v. Com'r **(1989)**
Held that the brother-sister captive arrangement constituted insurance and premium payments of the captive's brother-sister entities (but not its parent) were deductible.

Ocean Drilling & Exploration Company **(1991)**
Deduction allowed for premiums paid to a Captive that was a wholly owned subsidiary based on the following facts: 1) The insured faced recognized hazards. 2) Insurance contracts were written and premiums paid. 3) Unrelated parties purchased insurance. 4) Premiums charged were based on the commercial rates 5) The company's capitalization was adequate.

Kidde Industries, Inc. v. U.S. **(1997)**
The Court held that premium payments made by brother-sister entities to the captive were currently deductible. Payments made by divisions of the parent corporation did not constitute insurance premiums deductible under IRC §162.

The Harper Group v. Com'r **(1992)**
Risk shifting and risk distribution were present where the captive received 29 to 32 percent of its premiums from unrelated parties. The captive arrangement was found to constitute insurance and payments made to the captive were deductible.

Sears, Roebuck and Co. and Affiliated Corporations v. Commissioner **(1992)**
The Court recognized the premiums were determined at "arms length". 99.75% of premiums paid to Allstate came from unrelated insureds. The IRS's "economic family" argument was rejected.

United Parcel Service vs. Com'r **(2001)**
The Tax Court sides with UPS based on the economic-substance doctrine.

About Oxford

The Oxford Research Group specializes in conducting captive feasibility analysis and coordination of turn-key captive insurance company arrangements, both domestically and internationally. As an alternative risk and captive insurance research and consulting company, we focus on coordinating design, implementation, regulatory approval and management of new captive insurance companies. We have earned a reputation as one of the premier providers of conservative captive insurance structures in the industry.

Before establishing a captive insurance company, there are numerous factors which must be considered. The feasibility specialists at The Oxford Research Group work with our clients to develop a thorough understanding of the essential elements critical to successful captive design, formation and ongoing management. We are extremely proud of our Team of Experts, dedicated to providing our clients with the highest degree of experience and expertise available in the captive business today. It is difficult to imagine a team of experts as experienced as The Oxford Team – our captive management partners are the most highly respected in their field; our Actuarial partner has over 100 years of combined experience in the alternative risk space; our regulatory counsel played an important role in drafting and influencing captive insurance law in the various domiciles we work with; our tax counsel helped to shape the landscape of landmark court cases defining the captive insurance landscape. No one else offers the complete Best-in-Class team we have assembled.

The decision to form a captive insurance company should closely resemble the decision making process reasonable for the establishment of any new business enterprise. In the case of a captive insurance company, the preparation of a business plan must also include an analysis of applicable insurance regulatory guidelines, tax analysis and legal requirements specific to your structure. Oxford Research Group's team of experts will provide the expertise you need to help develop a long-term plan for the proper development and implementation of your captive program. We provide the education necessary to allow our clients to ask the right questions and ascertain if a captive insurance company is a good fit for their unique organization and objectives. While there are many details and options to consider, our team will work with you so that, even if you are unfamiliar with captive insurance arrangements, you will be well-equipped to make an informed decision.

Establishing a captive insurance company involves many steps that must be properly negotiated to achieve a successful result. Without question, your captive insurance company will benefit from retaining the services of several different service providers from our Best-in-Class team, including Domicile Manager, Program Manager, Claims Manager, Legal Counsel, Independent Auditor and Tax Advisor, Independent Actuary and Investment Manager. The Oxford Research team will work with you on a turn-key basis to assure compliance with the regulatory provisions of your chosen domicile, as well as legal, operational, and reporting responsibilities for your captive insurance company.

Should you choose to form a captive insurance company, The Oxford Research Company will coordinate implementation with an insurance company of The Oxford Insurance Group, designated to underwrite and issue coverage in the domicile best suited to your specific objectives. With numerous available options, the Oxford Insurance Group takes pride in offering its clientele conservative captive planning with one of the most attractive pricing structures in the industry. Oxford's various captive insurance structures are designed to conform to all Internal Revenue Service requirements and available guidance. Our expert team consistently works with state insurance regulators and independent tax and regulatory counsel, to ensure that we maintain the most comprehensive tax and regulatory compliance for all captive insurance companies we serve. Pricing for our captive insurance solutions are honest and straightforward, with no surprises or "fine print". We have eliminated the hidden charges typically associated with captive insurance company formation and ongoing management, and in many cases our cost structure is significantly more attractive than the competition.

Captive insurance companies formed with an Oxford Insurance Group company are afforded the great degree of flexibility in the development of their investment plan. You will be pleasantly surprised to learn that you may design an investment plan which is best for your situation. The Oxford Insurance Group does not interfere with the selection of your investment advisory team, does not require the inclusion of life insurance products, nor does Oxford direct your investments at its discretion. This philosophy affords our clients complete flexibility as to how and where Captive insurance company assets are invested; providing the investment plan meets the insurance domicile's regulatory requirements for reserve and liquidity needs.

The Oxford companies are ready to educate, conduct feasibility analyses, and implement Captive insurance arrangements for clients and advisors. We encourage a collaborative advisory team approach and welcome working with your independent accounting, legal and investment advisors. Let us show you the "Oxford Advantage" and how you can save time, save money, and enjoy peace of mind, knowing that your Captive arrangement was implemented and managed properly to help you achieve your goals and objectives, for years to come.

Experience Matters

The Oxford Research Group has assembled an impressive team of experts, allowing us to provide our clients with the highest possible degree of experience and expertise available in the captive business today.

It is difficult to imagine a team of experts as credentialed as the Oxford team. We deliver a team of independent service providers and legal counsel dedicated to helping you successfully navigate through all phases of your captive insurance structure. Our captive management partners are the most highly respected in their field; our actuarial partner has over 100 years of combined experience in the alternative risk space; our regulatory counsel played an important role in drafting and influencing captive insurance law in the various domiciles we work with; our tax counsel helped to shape the landscape of landmark court cases defining captive insurance arrangements. No one else offers the complete Best-in-Class team we have assembled; experts in each discipline not typically available as employees of one organization.

Without question, our clients will benefit from our approach in delivering independent, Best-in-Class experts, to guide you through each and every aspect of your captive insurance company structure. Our lead captive management partner is highly regarded as one of the industry's most respected professionals, providing personal, customized services to the alternative risk transfer arena. They are a captive management and consulting group, with expertise in design and management of innovative value-added products and programs. Since 1968 our captive manager has held numerous industry leadership positions. They have developed extensive experience with captives, insurance companies and reinsurance companies in numerous domiciles around the world.

Our lead actuarial partner works with clients nationwide to support the establishment, implementation and management of successful risk management programs to fit their individual needs. Their credentialed actuaries have over 100 years of combined experience in providing actuarial services to individual companies, governmental entities and insurance department regulators. They provide analysis and advice to state insurance department regulators, assist in market conduct examinations and also provide expert witness testimony for litigation and arbitration cases.

Our regulatory attorneys have extensive experience in compliance and regulatory matters, and maintain strong working relationships with insurance department regulators throughout the country. They serve as counsel to all segments of the traditional and alternative risk insurance industries. Our regulatory attorneys have assisted in drafting and managing the passage of insurance legislation and have helped to rewrite the law in several jurisdictions. They are frequently invited to speak at conferences, symposiums, industry and association meetings throughout the world.

Our lead tax counsel is recognized as one of the nation's premier tax attorneys serving the captive industry. He serves as chair of his firm's federal tax team and insurance industry team, with an emphasis on formation, operation and taxation of captive insurance companies. He provides tax planning for captive insurance companies and their owners. With experience dating to 1975, he has authored numerous publications and presentations, and has resolved scores of cases with the IRS and in the courts. He and his firm have been successful in significant Federal Court victories, having represented taxpayers in two of five favorable court of appeals cases dealing with captive insurance taxation.

Our auditing firm is one of the regions oldest public accounting firms. They were the first Delaware-based independent auditor authorized by the state insurance department to perform annual independent audits. They are a member of the Delaware captive insurance association since 2005 and are equipped to manage the most up to date information relating to relevant state insurance regulations.

The Oxford Research Group brings together the right partners, with expertise where it matters most, to deliver the highest possible degree of long-term success for your captive insurance company.

Management Team

Michael A. DiMayo, CFP®, CLU, ChFC

Founder, The Affluence Group, LLC, Principal Oxford Companies

Mike's distinction as one of the most successful insurance brokers in the business gained him national notoriety and prestige. According to a lead advanced sales attorney with one major insurance company, "No one can take complex topics and make them as clear and easy to understand the way Mike does."

As a graduate from Franklin & Marshall College, Mike enjoyed a prominent career spanning 29 years as the most successful producer in the history of The Hartford Life, until starting his own insurance company, The Affluence Group, LLC in 2008. Mike joined forces with Kevin Myers, CPA, M.S. Taxation, to form Oxford Research Group and other Oxford Insurance Group companies. Mike is a 27 year member of the Society of Financial Service Professionals and a member of the Baltimore Estate Planning Council. He has served as keynote speaker for numerous industry and corporate meetings, and resides in Monkton, Maryland. Mike also serves as Board President for the Casey Cares Foundation, a non-profit organization providing uplifting programs for critically ill children and their families.

Kevin E. Myers, CPA, MS

Member TGM Group LLC, Principal Oxford Companies

Kevin E. Myers is the internal Certified Public Accountant and Tax Advisor for The Oxford Companies. Kevin has extensive experience in structuring captive insurance companies with respect to Internal Revenue Code Section 831(b) and related tax compliance and research for corporate, individual, and non-profit clients. He also has performed tax research for corporate and individual income tax examinations and appeals cases.

Kevin has been an active participant in numerous due diligence engagements which required a tax opinion on a variety of issues. Kevin has represented clients under audit with the Internal Revenue Service, various state taxing authorities, and has successfully defended cases at the Appeals level of the Internal Revenue Services. Kevin's vast research and compliance background make him uniquely suited to help advisors work through the due diligence process. Kevin is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. A graduate of the University of Maryland for his B.S. in Accounting and Georgetown University for his M.S. in Taxation, Kevin resides in West Ocean City, Maryland.

Oxford Insurance Company, LLC is a limited liability company formed pursuant to and in accordance with the Delaware Limited Liability Company Act, with corporate offices located in Wilmington, Delaware. Oxford Insurance Company, LLC conducts business operations entirely from its corporate office located at:

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Series Member and Advisor Disclosure and Acknowledgement

Each potential Series Member is deemed to be a sophisticated investor with the knowledge and expertise to evaluate the risks associated with participation in the Oxford Insurance Company, LLC captive insurance program. Series Members are required to consult with qualified legal, tax, accounting, and other advisors for purposes of evaluating this special purpose captive insurance program and the consequences of participation to the Series Member and its stockholders or other owners. Neither Oxford Insurance Company, LLC, nor any of its affiliates or agents, have made any representations, warranties or assurances to the Series Member or its stockholders or other owners regarding the federal or state tax consequences of participation in this special purpose captive insurance program.