

Optimizing Your Captive Insurance Company with the Right Banking Partner



The banking industry is, in many ways, a commoditized space - checking accounts are available from thousands of competent institutions in the U.S. However, for an entity that has some complexity to its financial needs, like a captive insurance company, this commoditized viewpoint could be detrimental. In fact, for a captive insurance company, the right banking partner can prove to be exactly the opposite of a commodity - they can be a customized asset.

Captive insurance owners and their managers have wide-ranging financial needs, from simple checking account services to portfolio management to trustee services for a Regulation 114 Trust. As the industry evolves, captive owners and managers are well-served to look at their banking partner strategically - to choose that relationship with the same discerning approach they would apply to selecting a domicile or developing an investment policy for their captive.

Three Ways a Banking Relationship Can Pay Off

When it comes to the relationships that serve a captive, here are three ways that the right banking partner can add value - and make the captive

owner's and manager's lives easier:

1: The Synergies of "All Under One Roof"

First and foremost, there are material synergies for consolidating all-things-financial with one banking partner - from the treasury management and credit services to the portfolio's investment management, trust, and custody services. The financial operations and strategic decisions of captive insurance companies are inextricably linked. The implementation of the captive's investment policy by the investment team will depend on the pattern of claims payments and cash flows. Letters of credit or Regulation 114 Trust decisions may

Highlights

- A banking relationship can be a customized asset when it is used to service a captive insurance company holistically.
- Banks differ widely in terms of the breadth of offerings, the level of service, and the experience/expertise they offer.
- In addition to possible cost efficiencies, consolidating banking and investment management functions at one institution adds value and convenience for captive insurance owners and managers.

Optimizing Your Captive Insurance Company with the Right Banking Partner

require interactions between asset custodians, banker trustees, portfolio managers, and commercial bankers.

For captive owners and managers, it is simply more convenient to have all of these services under one roof, as opposed to coordinating transactions and decisions between different institutions. Furthermore, there is greater efficiency in having one point of contact for the relationship - one person to call or email with questions, changes, and updates.

Finally, consolidating all financial services with one partner brings another opportunity: cost efficiencies. With People's United Bank, a broader relationship means advantageous pricing.

- ✓ Convenience of consolidating all financial functions under one roof
- ✓ One point of contact
- ✓ Potential to benefit from cost efficiencies

2: A Higher Level of Service

Not every bank invests equally in the level of service that it provides to relationships. This is another area where the captive's experience can differ significantly from one institution to the next.

For example, a banking partner with a dedicated captive unit has a stable team that is collaborating every day on servicing captives. For the captive owner or manager, that means never being forwarded on to a different group at the bank without follow-up.

A bank with a dedicated captive unit offers another advantage: captive owners and managers can count on access to the departmental experts who come together within the captive team. In contrast, at an institution without a cohesive captive team, captives could be dealing with a different individual every time they have a deposit account need or an investment question.

What's more, a dedicated captive team shows the bank's commitment

to servicing its captive relationships. Captives are intended to be long-lasting risk-management and risk-financing tools by design. The right banking partner should demonstrate the same long-term perspective and investment in the industry.

- ✓ Dedicated captive units take a team approach to servicing captives
- ✓ Reliable access to an appointed expert for each department
- ✓ Dedicated unit shows a bank's long-term investment in servicing captives

3: Expertise in Captive Industry

Not all banking partners are equally involved in the captive industry. The expertise and insights you get will range widely from one institution to the next. A banking partner with expertise and experience in the captive insurance industry is going to understand the needs of each relationship more immediately and more completely.

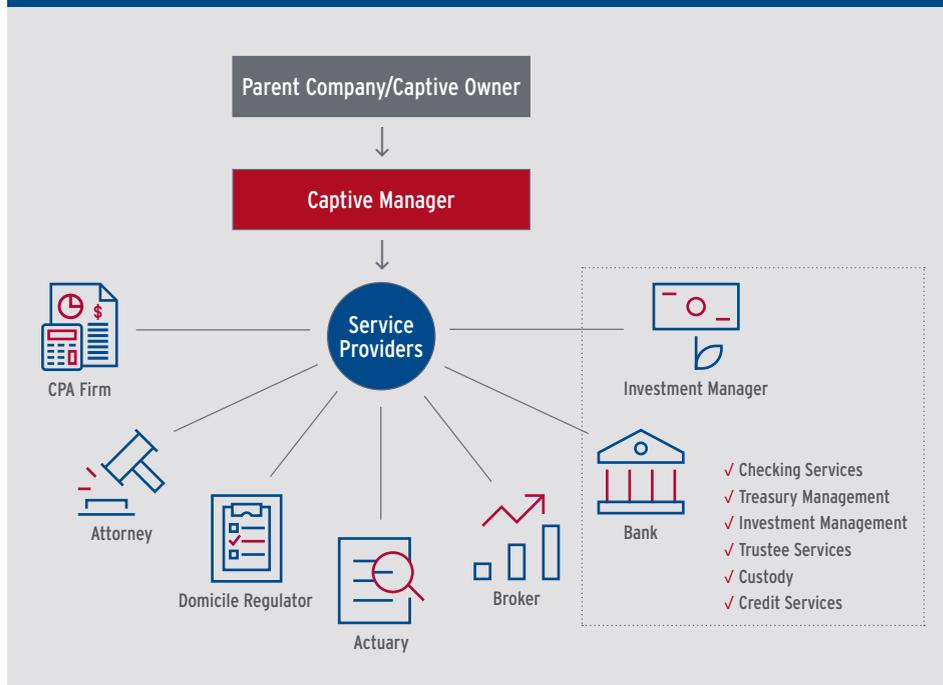
We add value to our captive clients by understanding how jurisdictions differ in regulation and how to interact and coordinate with other captive service providers. We also bring informed viewpoints on industry trends and developments.

- ✓ Partners with expertise and experience understand your needs
- ✓ Know the players and best practices of the industry
- ✓ Bring informed viewpoints on industry trends

A Holistic Relationship Is a Customized Asset

At a time when knowledge is often siloed and services can be commoditized, it is tempting to think that all banking partners bring

THE RIGHT BANKING PARTNER SIMPLIFIES OPERATIONS



Optimizing Your Captive Insurance Company with the Right Banking Partner

the same value to the table. Our captive services are based on a team approach that can holistically serve a captive insurance company - looking broadly across their needs and coordinating a complete solution. In this model, captive insurers can often achieve better pricing across financial services. A financial services team that is deeply invested in the industry is also going to be better prepared to offer insights and expertise, which are useful to the owners and managers of a captive insurance company. By selecting the right banking partner, we believe captives ultimately receive better service and better value - the relationship is a customized asset. ■



At People's United, we have a team dedicated to serving the captive insurance industry. We are committed to meeting the banking needs of captive insurance organizations by establishing strong relationships, delivering personalized service, and providing highly specialized knowledge and experience. Reach out to our team to learn more about our process and how we can serve your captive insurance entity.

**Contact us to find out more about the Captive Insurance
division at People's United Bank**



Ian Davis
SVP, Captive Insurance Relationship Manager
ian.davis@peoples.com | 802-660-2205