

Deductible Reimbursement Policy

Challenge

The client (a professional employers organization) carried a large deductible on Workers' Compensation insurance for many years. The Workers' Compensation carrier provided a statutory policy with a \$1 million deductible per occurrence. Multiple insured parties under the policy made it difficult for the client to allocate premium costs back to each insured party.

Goal

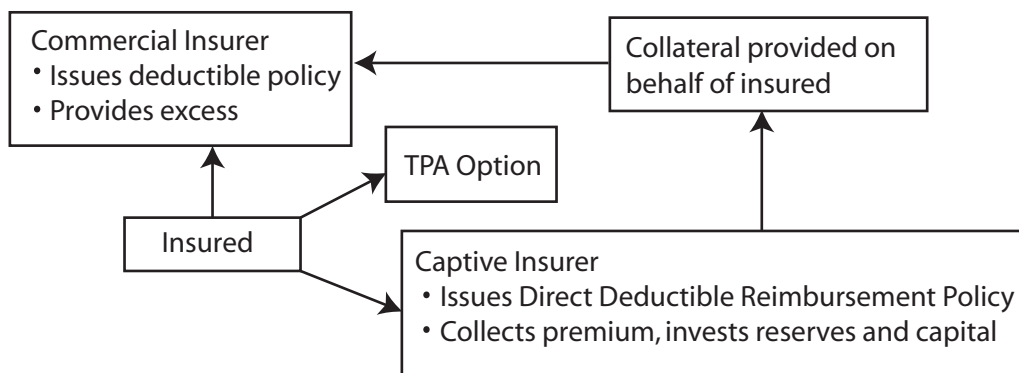
The goal was to establish a program structure that would provide budgetary stability and potential tax benefits not realized under their current program.

Solution

The solution was a single parent captive domiciled in Barbados. The captive qualifies for tax purposes as insurance because of adequate capital and risk pooling. The Workers' Compensation carrier continued to issue a statutory policy with a \$1 million deductible, and the captive issued a deductible reimbursement policy that covers losses within the deductible layer. The premium cost for the deductible layer can now be allocated back to each insured party.

Benefits

- ✓ Budget stability
- ✓ Tax deductible premium
- ✓ Tax deductible percentage of reserves



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