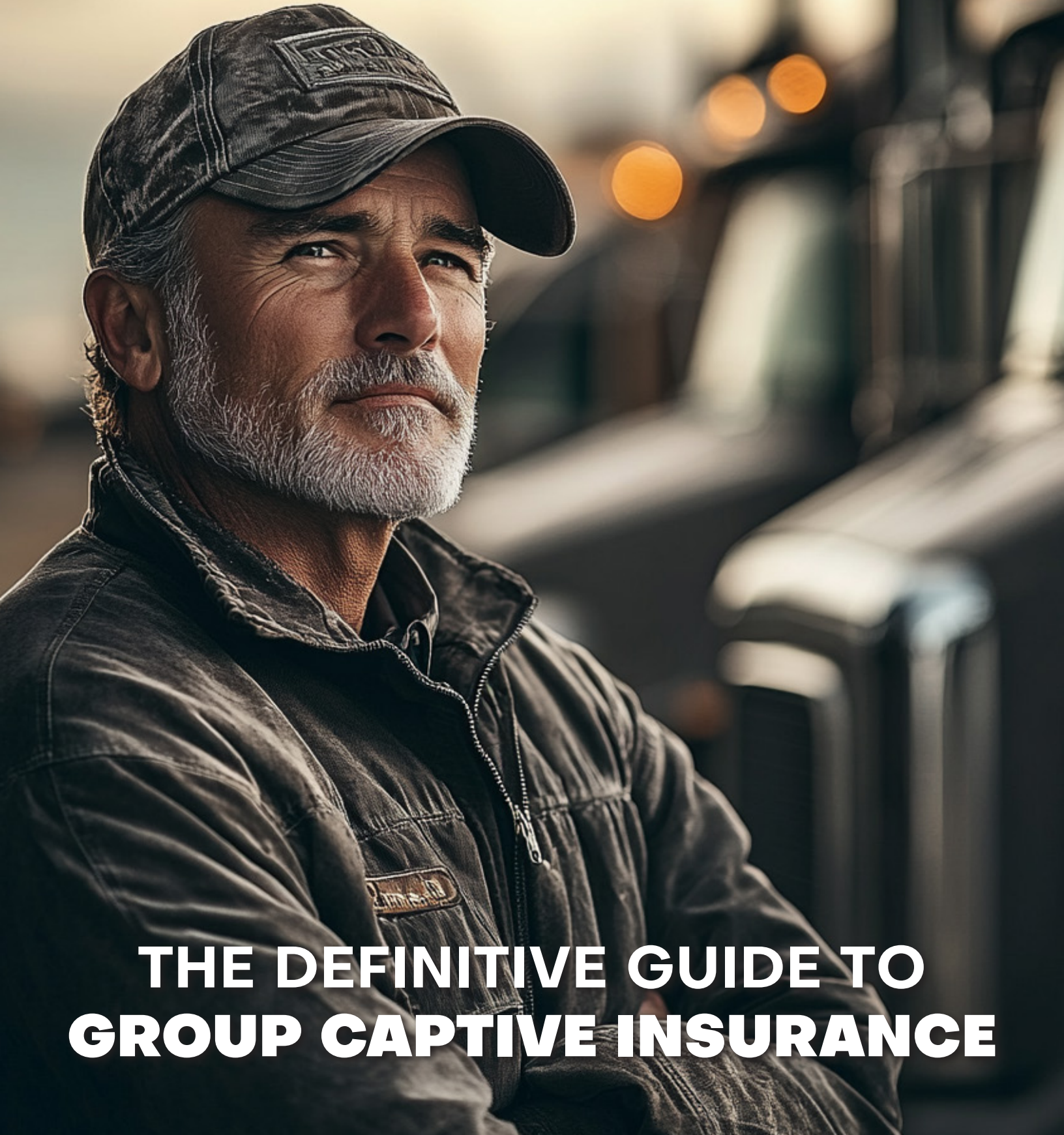
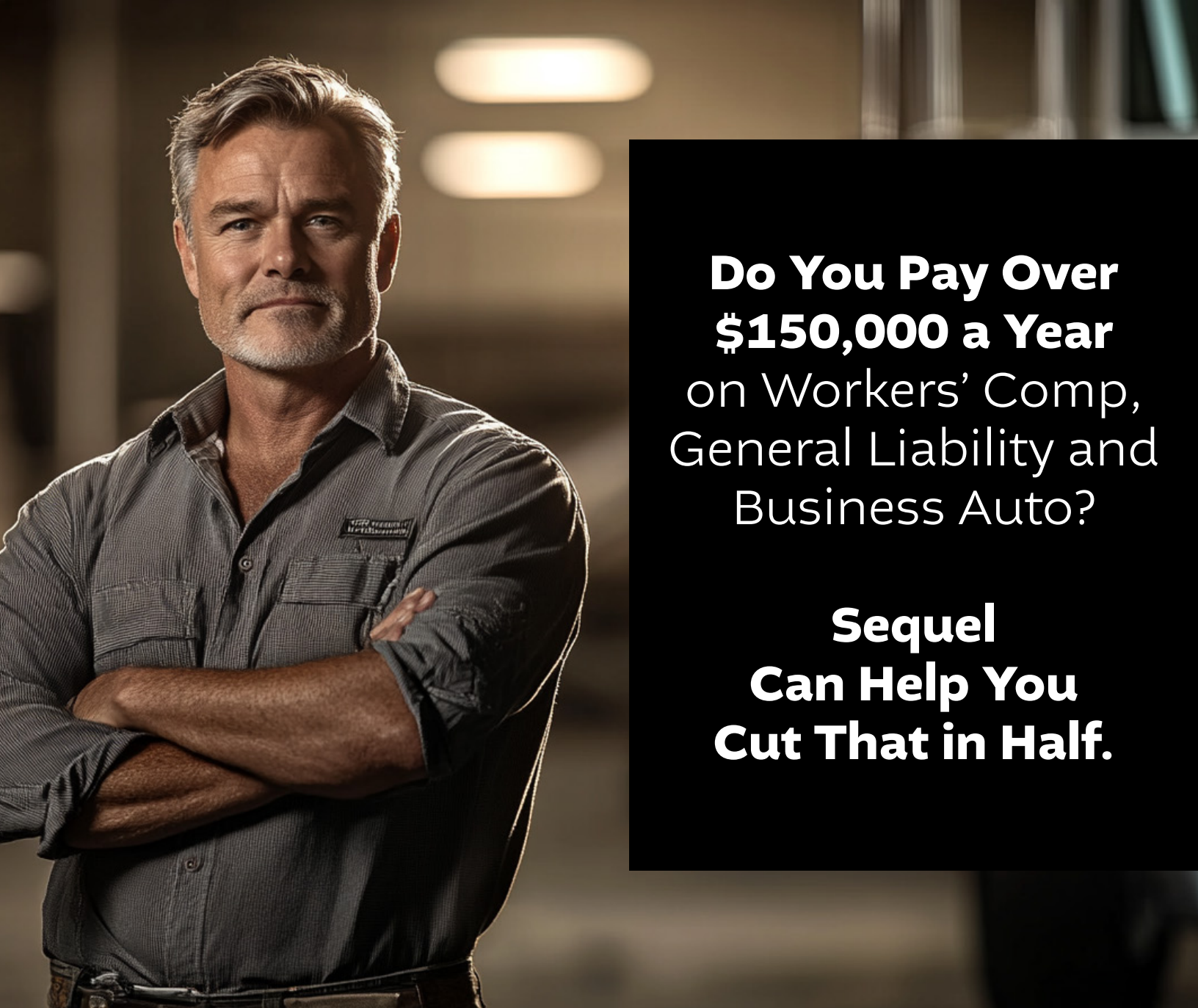




Sequel  
*Insurance*  
Services



**THE DEFINITIVE GUIDE TO  
GROUP CAPTIVE INSURANCE**



**Do You Pay Over  
\$150,000 a Year  
on Workers' Comp,  
General Liability and  
Business Auto?**

**Sequel  
Can Help You  
Cut That in Half.**

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## SECTION 01: INTRODUCTION TO GROUP CAPTIVE INSURANCE

At some point, every sharp business owner has that moment—staring at an insurance renewal, the numbers rising like a tech stock in 1999, and thinking: *Why am I still playing this game like everyone else?*

You know the drill. Every year, you fork over a small fortune for Workers' Comp, General Liability, Business Auto—standard stuff. Necessary? Sure. Efficient? Not even close. It's like paying for a luxury suite and getting stuck behind a pole in the nosebleeds.

The premiums stack up. Hundreds of thousands. Sometimes over a million. And still, you're hit with deductibles, exclusions, audits, and that creeping sense that someone else—namely the insurers—is holding all the cards.

But here's what most business owners never hear: there's another table in the room. Fewer people. Bigger thinkers. It's called a Group Captive, and it doesn't play by the old rules.

Instead of writing blank checks to big insurers, companies team up—essentially creating their own insurance company. Same protections. Better control. And, if you manage risk well, a share of the profits.

It's not for everyone. But then again, neither is building a successful business.

### **WHAT IF YOU COULD UN-BUNDLE THE INSURANCE INDUSTRY?**

Group captives flip the model on its head. Instead of handing your fate to a faceless insurer with profits as their priority, you join a curated group of like-minded businesses—companies that take safety seriously and performance personally.

Together, you own the insurance company. You control the coverage. And when claims are low and performance is strong, you share in the profits.

***That's not a pitch. That's math.***

This guide will walk you through everything you need to know about group captives:

- How they work
- Who they're for
- What do they cost
- And why they're one of the smartest financial plays available to middle-market businesses

### NOT JUST FOR GIANTS

Captives aren't just for Fortune 500 giants with offshore strategies and tax lawyers on speed dial. This is about group captive programs built for real, operationally excellent middle-market companies in the U.S.

Companies like yours.

You're not buying off-the-shelf coverage anymore. You're becoming part of an insurance company designed by business owners, for business owners—one that exists solely to protect its members and reward performance.

### HOW THE GROUP IS BUILT MATTERS

Captives come in two flavors:

- **Homogeneous captives** bring together companies from the same industry—manufacturers with manufacturers, logistics firms with logistics firms. This means loss control and claims services are laser-focused on your operational risks.
- **Heterogeneous captives** include companies from a variety of sectors—think contractors, wholesalers, tech firms—all with solid safety records and low to moderate risk. This mix creates a diverse, resilient risk pool insulated from volatility in any one industry.

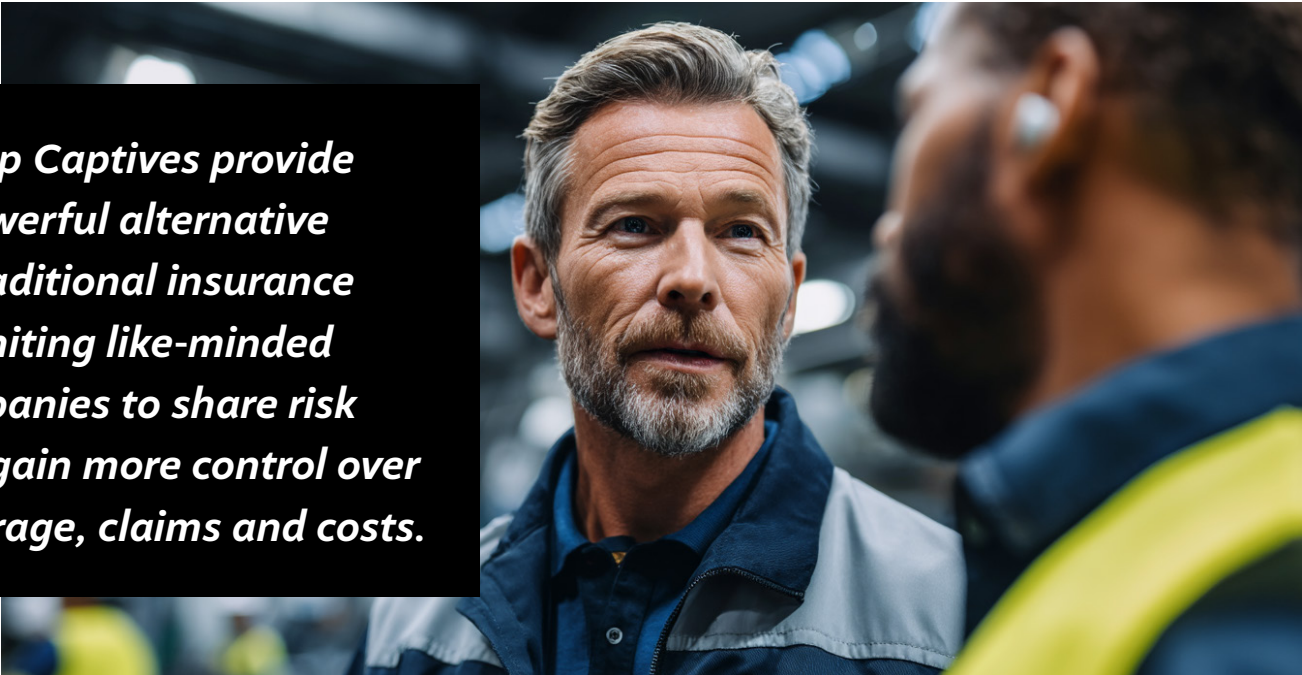
Either way, you're not flying solo anymore. You're part of a collective, and everyone's incentives are aligned: manage risk well, get rewarded.

### WHY THIS MATTERS NOW

Insurance costs aren't going down. Market cycles don't care about your safety record. And traditional carriers? They're optimizing for their shareholders, not your business.

Group captives offer a rare thing in business: a chance to take control of a system that's long felt out of reach. It's not for everyone—but it might be exactly right for you.

Let's find out.



*Group Captives provide a powerful alternative to traditional insurance by uniting like-minded companies to share risk and gain more control over coverage, claims and costs.*



## SECTION 02: HOW GROUP CAPTIVES ACTUALLY WORK

Here's what happens when you stop being just another insurance customer and become part-owner of the game itself.

A group captive isn't some abstract idea cooked up by actuaries. It's a real insurance company, created and owned by its members—businesses like yours, sharp enough to see past the sticker price of traditional coverage. The people in the room? They're not competitors. They're fellow operators who've figured out that the best way to beat the system is to build a better one.

Membership doesn't come with a punch card. You don't just sign up. You're invited—if your company runs clean, stays safe, and doesn't treat risk like a game of roulette. You're recommended by current members. You're vetted. Then, once you're in, you get something most business owners never see from insurance: a vote. One company, one voice. Every decision, from how much risk the group takes on to how the claims are managed, is yours to help make.

### **SO HOW DOES IT WORK?**

You still get a standard insurance policy, underwritten by an A+ rated carrier. But underneath that, the group takes on part of the risk—and part of the reward. You'll be working with a captive manager who helps guide the ship. Together, the group defines its risk appetite and chooses how much it's willing to self-insure. Claims are handled carefully—because any losses come out of your pot, not some faceless company's balance sheet.

But you're not hanging out on a financial tightrope. There's reinsurance: a safety net that kicks in when something big goes wrong. A massive claim? A string of bad luck? Covered. That's part of the genius here—you share risk, but not recklessly.

### **BAD ACTORS DON'T LAST.**

If a member starts generating ugly claims, they'll pay more—or get asked to leave. But the beauty is, you already know your worst-case scenario upfront. Unlike traditional insurance, there's no year-to-year pricing roulette. You can finally budget without holding your breath.

### **WHAT ABOUT MANAGEMENT?**

You're not alone. A third-party firm handles the paperwork, the modeling, the claims process. But the decisions? Still yours. The Board of Directors consists of the members. There's no puppet master behind the curtain—just business owners who understand what it's like to run a company and want everyone in the room to succeed. Want in? You'll have to earn it.

That means submitting safety data, loss history, and financials. It's not just about protecting the group's money, it's about protecting its culture. And the vetting pays off. Once members join, they rarely leave.

Technically, you can walk away at the end of any policy year. There are no golden handcuffs. But most companies stick around. Why? Because once you get a taste of control, transparency, and profit participation—it's hard to go back to the black box that is traditional insurance.



*Group Captives limit membership to safety-focused, financially stable businesses with strong claims histories.*



## SECTION 03: THE BENEFITS OF GROUP CAPTIVE INSURANCE

Let's be honest: the traditional insurance model is rigged in favor of one party—and it's not you. You send checks, they pocket premiums, and when claims happen, you cross your fingers and hope for fair treatment. Now flip that model on its head, and you have a group captive.

Why do savvy business owners switch? Two words: cost and control. But the ripple effects go much deeper.

### **1. LOWER COSTS — BECAUSE YOU'RE TIRED OF SUBSIDIZING BAD ACTORS**

In the traditional system, your business is grouped together with companies experiencing frequent operational issues. You pay the price—literally—for their recklessness.

But in a group captive? The bar is higher. Members are vetted for safety, financial stability, and risk management skills. It is like being in a private club where everyone actually belongs.

Instead of your premium funding an insurer's overhead and profit margins, it stays closer to home—helping fund your group's collective performance. Fewer claims. Smarter members. Better outcomes. The result? Costs that not only stabilize... but trend down.

### **2. CLAIMS MANAGEMENT — THE POWER SHIFTS TO YOU**

With regular insurance, claims feel like black holes. You submit. You wait. You argue. You lose. Because the insurer's spending their money, and your priorities are secondary.

Not so in a captive. Now the adjusters work for you. Literally. The people managing claims aren't trying to protect a corporate profit margin—they're protecting your capital. That means faster decisions, more transparency, and claims that close cleanly and quickly.

Every member gets real-time visibility into claims data. Every decision is made with the group's best interest in mind. It's not just cost-effective - it's sane.

### **3. PREDICTABILITY — GOODBYE TO INSURANCE WHIPLASH**

If you've ever stared at a renewal notice and thought: Why are my insurance costs 18% higher when nothing changed? You're not alone.

Traditional premiums swing with the market—hurricanes, Wall Street, whatever. But group captives reward what you control: your safety record, your claims performance, your efficiency. When you run a tight ship, you're not penalized - you're rewarded.

Now you can plan. Budget, and invest in growth - instead of hoping your insurance renewal won't torpedo your P&L.

### **4. TRANSPARENCY — THE BLACK BOX FINALLY OPENS**

In most insurance programs, you never see where your money goes. In a group captive, you see everything. Every fee. Every claim. Every reinsurance expense. You get audited financials twice a year. You know where your premium is going—and why. If something seems off, you ask questions. And you get answers.

That's not just oversight. That's ownership.

### **5. DIVIDENDS — YOUR UNUSED PREMIUMS COME BACK HOME**

Here's where things get really interesting. Roughly 60% of your premium is earmarked for claims. Whatever's left at the end of the year—after everyone's been paid and risks are covered—is returned to you, with interest. That's not a rebate. That's a dividend.

You decide where it goes. Back to your company. Into another entity. Even to yourself, depending on how you set it up. Most members don't just break even—they build capital. Over three to five years, those unused funds add up. Quietly. Substantially.

And remember: all this while you've had insurance coverage tailored to your business, governed by your peers, and driven by your success.



*After three to five years of participation, you'll likely build up a significant reserve of unused premiums—plus investment earnings on those funds.*



## SECTION 04: WHAT IT COSTS TO SIT AT THE TABLE

Now, let's talk brass tacks. Joining a group captive isn't free—nor should it be. You're not just buying coverage; you're buying into a business. Your business.

Think of it like becoming a partner in a high-performing investment club. You're no longer just paying premiums—you're putting skin in the game, and that comes with responsibilities... and rewards.

### **THE CAPITAL CONTRIBUTION — A SEAT AT THE OWNERS' TABLE**

To join the captive, you buy stock—yes, stock—in the insurance company. This is your one-time capital contribution, and it makes you a shareholder. Not a policyholder. Not a customer. An owner.

That money doesn't disappear into a black hole. It sits on the balance sheet as your asset. When you eventually decide to leave the group (though, spoiler alert: most don't), you get it back—with interest—once your last policy year wraps up.

So, you're not spending money. You're reallocating it—from the insurer's bonus pool to your own capital account.

### **COLLATERAL — THE GROUP'S FINANCIAL BACKBONE**

Here's the part most insurance programs won't even talk about: collateral. In a group captive, each member posts it. It's there to guarantee your financial responsibilities to the group, not unlike a security deposit on a very nice apartment with great neighbors and shared dividends.

You can post it in cash (which earns above-average interest) or with a letter of credit. It's not at risk unless you walk away from your obligations—and if that's your plan, you probably wouldn't make it through the front door anyway. Collateral is based on your premium and is usually collected over your first three years. After that, it adjusts at renewal. It's a commitment—but a measured, fair one. And it protects the people in the room, including you.

### **SO, IS IT WORTH IT?**

Look—this isn't for everyone. If your insurance costs are low, your claims are high, or your business is volatile, stick with traditional coverage.

But if you're running a solid company, spending serious money on insurance, and wondering why you keep footing the bill for other people's problems, the answer is simple:

### **YES, IT'S WORTH IT!**

You'll get lower long-term premiums. Dividends. Transparency. Control. And you'll build an asset, not just an expense line.

It's not a cost. It's a reframe.

And for the right business owner, it changes everything.



*The best business decision you make this year might not be about your product, or your team, or your customer - it might be how you manage risk.*



## SECTION 05: DETERMINING IF A GROUP CAPTIVE RIGHT FOR YOU?

Let's not sugarcoat it: not every business makes the cut.

This isn't a charity. It's not a clearinghouse for underperformers hoping to get lucky. A group captive is a curated collective of sharp operators—businesses that take risks seriously and performance personally.

If that sounds like you, keep reading. If not, there's always next year's renewal increase.

### **1. YOU'RE A CLAIMS OUTLIER (IN A GOOD WAY)**

The clearest indicator? A loss history that tells a great story. The kind of story underwriters dream about: low claims, clean records, and a culture of “handle it before it becomes a problem.”

If your claims over the past five years average less than 40% of your premium, congratulations—you're already outperforming most of your industry. That's what the captive wants. And that's who you'll be grouped with.

Because in this model, other members aren't dragging you down—they're holding the same line.

### **2. YOU'RE WRITING BIG PREMIUM CHECKS**

If your total annual insurance premiums (Workers' Comp, General Liability, Auto) add up to \$150,000 or more, you're finally spending enough for the math to make sense.

Below that? You might not see the full ROI. Group captives are designed for scale—not Fortune 100 scale, but definitely more-than-a-few-service-vans-and-an-Excel-sheet scale.

This isn't boutique coverage. It's an enterprise-minded risk strategy.

### 3. YOU'RE FINANCIALLY FIT (AND STAYING THAT WAY)

Captives aren't looking for balance sheets that need CPR.

Strong financials aren't just about optics—they're about sustainability. You need the cash flow to weather a claim, post collateral, and stick with the program long enough to see your dividends stack up.

Each year, members submit updated financials. Not because the group doesn't trust you—but because everyone's betting on each other. And nobody wants to bet blind.

### 4. YOU'RE IN IT FOR THE LONG HAUL (AND FOR THE RIGHT REASONS)

This isn't a one-year trick to save a few bucks on premiums. It's a long-game play to own your risk, shape your strategy, and drive real operational improvements.

You'll commit to safety. To following best practices. To treating claims not as annoying paperwork, but as mission-critical events. And in return? The group returns that commitment to you—with transparency, performance, and profit.

Because the better everyone performs, the better everyone does. It's not revolutionary. It's just rare.



*When you apply to join a Group Captive, we will take a deep dive into your company's operations and history. The time required depends on the complexity of your business.*



## SECTION 06: FINDING THE RIGHT CAPTIVE GROUP

First rule of group captives? They're not one-size-fits-all.

Some are industry-specific. Others are a mixed bag of companies who share a commitment to safety and solid operations, even if their logos have nothing in common.

That's why step one is finding the right captive—one with the structure, membership, and management team that fits your business like a tailored suit.

You'll want to consider:

- **Domicile** (where the captive is based—because location affects regulation and longevity),
- **Membership mix** (who else is in the room),
- **Transparency** (can you ask hard questions and get straight answers?),
- **Confidentiality** (will your data stay locked down, even from other members?).

The goal? Find a group where you're not just accepted—but aligned.

### THE APPLICATION: MORE DUE DILIGENCE, LESS PAPER CHASE

Joining a captive takes some paperwork—but not the endless kind. It's focused, secure, and respectful of your time.

You'll provide:

- Five years of loss runs (a fancy term for your claims history),
- Financials (shared securely with a third-party CPA),
- Current insurance policies (to make sure apples are being compared to apples),
- Payroll and sales data (for accurate underwriting, not curiosity's sake).

With this, the captive can project losses, price coverage, and offer a proposal based on your real-world performance—not market averages or industry guesswork.

***Before you join a group captive, the captive manager will complete a thorough review of your company's operations, financials, and risk profile. The timeline for this process typically ranges from 60 to 90 days, depending on the complexity of your business and the availability of your data.***



#### **THE STEP-BY-STEP: FROM CURIOUS TO COMMITTED**

**Step 1:** You talk to a captive pro. They explain the whole thing—minus the jargon.

**Step 2:** You meet the management team. Zoom or in-person. No pressure. Just clarity.

**Step 3:** You send over your data—losses, premiums, payroll, etc. The stuff you already have.

**Step 4:** Your info gets reviewed to see if you're a fit. No guesswork. Just facts.

**Step 5:** You get a custom loss projection—what insurance would really cost in the captive.

**Step 6:** You like what you see. A formal proposal is drafted. Your team reviews it.

**Step 7:** You commit. Collateral is submitted. Coverage is bound. Welcome to the club.

**Step 8:** Premium payments get scheduled—on terms that actually match how your business operates.

**Step 9:** Within 60 days, collateral is finalized. You're integrated into claims and risk management systems. Now you're not just covered. You're in control.

#### **THE TAKEAWAY: IT'S NOT ABOUT FILLING OUT FORMS. IT'S ABOUT CHANGING THE GAME.**

Yes, it takes time. Yes, it's different. But that's the whole point.

You're walking away from a system built to profit off your uncertainty—and walking into one where your discipline, data, and diligence actually pay off.

It's not magic. It's not a loophole. It's just smart. Smart risks shared by smart businesses.

Ready to take the first step?

**Call us at (279) 202-3979**



## SECTION 07: WHERE WE COME IN: SEQUEL INSURANCE SERVICES

At Sequel, we don't sell policies. We build strategies.

We've been in this game long enough to know that no two businesses are alike—and no one-size-fits-all solution ever made a company more profitable. That's why we go beyond the basics, helping business owners rethink how they manage risk, control costs, and build long-term value.

If the idea of joining a group captive has sparked something—a little curiosity, a little *what if* – the Sequel team is here to help you take the next step, minus the pressure.

We'll walk you through the process. Answer the hard questions. And if it's not the right fit? We'll tell you that, too. But if it is—you'll be joining a smarter, stronger way to insure your business. And the results speak for themselves: so far in 2025, our clients have received more than \$7,000,000 in dividends.

### **SCHEDULE YOUR FREE GROUP CAPTIVE INSURANCE CONSULTATION.**

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