

Manufacturers should consider captives: CIC Services

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-An interview from Randy Sadler

Manufacturing companies should consider using captives to fill gaps in their commercial insurance coverage, according to Randy Sadler, a principal with CIC Services.

An increasing number of manufacturing companies are pursuing captive insurance as a solution to the problems created by exclusions in policies that often deny coverage when it is needed most, said Sadler. The problem is even greater for asymmetrical threats like pandemics, where coverage is costly and difficult to obtain.

A mood of nervousness is currently gripping manufacturers, due to uncertainties around COVID-19 and global economic lockdowns, making risk management a top priority. A survey by the National Association of Manufacturers found that 80 percent of manufacturers expect the pandemic will have a financial impact on their business.

“Businesses need to review their insurance policies to identify gaps in coverage—and to fill these gaps, captives can replace commercial insurance, insure enterprise risks, insure warranties, insure bonds, insure employee benefits or healthcare or any combination of these,” said Sadler. “Captives also provide a stronger business model, improved risk management, improved cost control, insurance profits, asset protection, asset accumulation and receive advantageous tax treatment.”

When assets in a captive are not paid out in claims or expenses, the owner keeps this profit, added Sadler.

CIC Services, Randy Sadler, Manufacturing



About the Interviewee

RANDY SADLER started his career in risk management as an officer in the U.S. Army, where he was responsible for the training and safety of hundreds of soldiers and over 150 wheeled and tracked vehicles. He graduated from the U.S. Military Academy at West Point with a Bachelor of Science degree in International and Strategic History with a focus on U.S. - Chinese Relations in the 20th century. He has been a Principal with CIC Services, LLC for 7 years and consults directly with business owners, CEOs and CFOs in the formation of captive insurance programs for their respective businesses.

CIC Services, LLC manages over 100 captives.

