CaptiveOne | ADVISORS™

Meet the Client

INDUSTRY

AUTOMOTIVE

REVENUE

$100M

Family owned automotive group and related real-estate companies. Patriarch has 2 children not involved in the business, and would like to sell the automotive group to nephews in the next 5 years.

What Was Done

CAPTIVE FORMATION

Similar to the client owning property and leasing it out to his/her dealership(s), we formed a captive insurance company to insure the auto group. In doing so we were able to: (1) Level out the impact of losses across the portfolio of locations to insure against cash-flow losses, and (2) create equity outside of the business as a personal asset.

SAMPLE RISKS

- Unreasonable Investment Forced by Manufacturer
- Mis-distribution of Product by the Manufacturer
- Regulatory Changes
- Loss of Franchise
- Factory Audits
- Damage of Brand Reputation (Toyota recalls, Mercedes diesel lawsuit, etc)
- Cyber Risk
- Delay of Utilities
- Frozen Capital

Result

Depending on the amount of claims experienced, the captive may generate investable surplus. Captive equity is self-directed by the captive owner.

By separating the captive from the business, the owner has accomplished the important step of removing these monies from the reach of the creditors of the businesses.

OVER TEN YEARS A SINGLE CAPTIVE HAS THE POTENTIAL TO GENERATE A SURPLUS OF OVER

$15,500,000