

H·E·L·I·O

FIREARMS INDUSTRY
CAPTIVE MANAGEMENT &
RISK CONSULTING



HelioRisk.com

Firearms Industry Captive Solutions

Captives have existed for over 50 years in the United States, and there are currently more than 6,000 active worldwide. Captives allow an organization to have the best of both worlds: becoming self-insured for some or all of their coverage via a captive managed by experts and monitored by experienced regulators, while retaining the commercial insurance industry for certain aspects or catastrophic coverage. Insurance buyers turn to captives for a variety of reasons, but the most common are the "Three Cs."

Capacity

Companies with established single parent captives are expanding the utility of their captive insurance company by funding coverage layers throughout their programs. Coverage can include deductibles, primary retentions, or sit above or within a tower of additional commercial carriers.

Coverage

Captives provide broader coverage tailored to an insured's actual risk profile. While the firearms industry may be perceived as having a more volatile risk, its short tail means there are no challenging legacy exposures like other lines.

Control

Owners can write tailored, comprehensive, customized coverage, without exclusions or restrictions that might apply in the commercial market. Reduction of volatility through change of carriers is eliminated. From a financial and budgeting perspective, captives often can offer better pricing because they are rated on the company's specific loss history rather than the overall market exposure and/or industry averages. Claims and exposure can be well understood, allowing for well-informed decisions related to risk mitigation. The most significant long-term benefit in owning a captive is the surplus premium is invested, managed and becomes a long-term financial asset for its owner. Rather than ceding each year's premiums to the commercial market, a captive owner benefits by retaining any premium not used for claims, just like a commercial insurance company. An important aspect of control is particularly relevant to the firearms industry. Few other business sectors are targeted by consumer advocacy groups, politicians, and having a captive gives control in times of political and cultural instability.



Leveraging Captive Insurance For Customized Firearms Industry Coverage Programs

The firearms industry faces significant challenges in obtaining commercial insurance due to the unique and highly scrutinized nature of its operations.

Key Reasons Include:

- High Risk (Mis)Perception
- Litigation and Liability
- Public Relations Concerns (Reputational Risk)
- Regulatory and Political Uncertainty
- Market Concentration (Limited number of carriers means less competition and higher premium pricing)
- Claims Complexity

The result is limited insurer willingness to engage with the industry making it exceptionally difficult for firearms companies to secure commercial insurance. As a result, many companies face higher premiums and limited coverage options and are underinsured. Additionally, many manufacturers own their own property and have relocated to regions where weather conditions result in much higher property rates. Helio Risk has the expertise and experience to build captive insurance programs that not only manage the needs of the business but build a stable revenue-producing asset from a historically volatile expense.



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About Helio

With multiple offices around the country including Oklahoma City, Dallas, and Jacksonville, Helio Risk is a full-service captive management and risk consulting firm of Account Management Specialists, Captive Managers, Risk Control Specialists, Certified Public Accountants, and other administrative staff available to provide insight and expertise to our clients' most challenging needs.

Working together with brokerage teams, actuaries, and other service providers, Helio identifies strategic areas for captive integration within comprehensive insurance programs.