

EY Captive Insurance Services



Building a better
working world



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Innovation and efficiency for your captive – Collaborating together to deliver results

Companies operating in the current business environment may find hazards and risks hiding around every corner. If you are not organizing and managing those risks in a holistic, tax-efficient manner, you are wasting money. The EY Captive Insurance Services teams' integrated approach to risk management can help improve cash flow, reduce expenses and use capital more effectively.

Growth in the captive insurance markets, indemnification and guarantee agreements, as well as other forms of risk transfer, have been remarkably steady over the last 60 years; however, the last decade saw a very drastic and sharp rise in the market. Fueled by an expanding number of jurisdictions authorizing captives; the number of domiciles actively competing for the right to regulate captives; and favorable developments within US tax laws that clarify and broaden the rules for risk shifting, risk distribution and product qualification, the trend of market expansion in captives and alternative risk transfers is expected to continue.

EY's Global Captive Network and Captive Insurance Services teams combine technical knowledge with practical industry experience to tailor services to your business needs. Our deep global understanding of technical issues helps reduce inefficiencies, mitigate risk and make the most of emerging opportunities. Our holistic approach allows us to integrate services seamlessly with finance, risk management, tax and business units. Accordingly, through consultation and communication, our teams provide insights to key stakeholders, allowing them to stay engaged in all aspects of our service offerings.

Uncertainty and risk are inevitable. You need a plan that weighs all the options and won't settle for high expenses as a necessary cost of doing business. Let EY show you how.

Our approach

EY's Captive Insurance Services teams help clients navigate the current environment through a multidisciplinary approach that identifies business risks across your organization, assesses and quantifies the value of shifting risk into a centralized structure, and allows your organization to more effectively control and hedge such risk in an efficient manner.

EY is able to share market insights and critical information that allow you to evaluate the economics of non-traditional products, alternative structures, contractual agreements and various domiciles. In executing the holistic approach, our teams will assess the tax qualification and impact of potential risk transfers as well as highlight specific treasury or capital aspects. Our goal is to provide you with information in a collaborative manner that will allow you to make an informed decision on the viability and value of recommended alternative arrangements.

The EY Captive Insurance Services teams provides technical knowledge and industry experience paired with a holistic portfolio of service offerings, including assurance, actuarial, risk management, tax compliance and tax consulting across US federal, foreign and state income and indirect taxes as well as transfer pricing matters.



Benefits of our approach

Through effectively working with you and your organization(s), we can evaluate opportunities designed to:

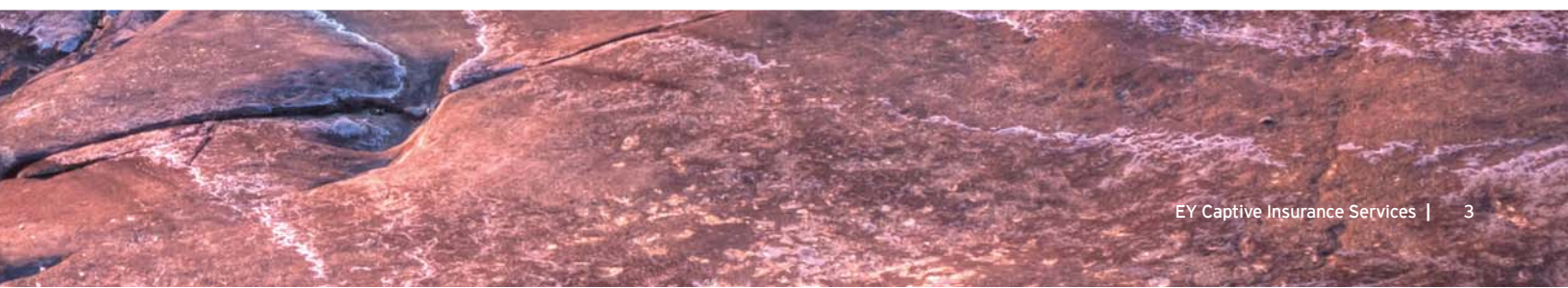
- ▶ Capture the profit by retaining underwriting profit that may be currently lost in the market
- ▶ Limit risk on an efficient basis through access to the reinsurance markets
- ▶ Invest capital consistent with overarching organizational policies, thus increasing return
- ▶ Provide coverage for novel, non-traditional or hard-to-place coverages
- ▶ Increase claims payment control and authority to allow for flexibility in funding losses
- ▶ Enhance loss prevention programs through monitoring and measurement of activity
- ▶ Increase cash flow
- ▶ Pool risk to allow increased retention
- ▶ Potentially reduce your effective tax rate (ETR)
- ▶ Provide tax-efficient funds repatriation
- ▶ Generate foreign source income
- ▶ Increase insurance coverage

Our holistic and pragmatic approach provides our clients with the following benefits:

- ▶ Map(s) of the probability and variability of risk, by line of business and/or in aggregate, allowing a clear understanding of risk potential
- ▶ The ability to link risk transfer or retention decisions to financial metrics
- ▶ The ability to expand coverage options while reducing the overall total cost or risk
- ▶ Succinct, powerful tools to evaluate insurance purchasing decisions, e.g., a tool to determine whether underwriters are providing an appropriate price for the coverage provided
- ▶ An evaluation of whether a captive insurance company or other alternative risk transfer can assist companies in improving cash flow, reducing expenses and using capital more effectively

Our services

All professionals within the EY Global Captive Network and Captive Insurance Services teams are committed to delivering exceptional client service across Assurance, Advisory and Tax service lines. The following provides more information about the service lines of EY member firms worldwide.



Advisory

Advisory

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Managing risk across the spectrum of strategy, operations, compliance and finance provides stability and certainty within any organization. Layering this with a proper insurance program structure, policies and captive insurance operations provides additional C-suite security. Our advisors come from a wide range of backgrounds, including consulting, brokerage, underwriting, claims, legal and actuarial. Our teams draw upon these industry experiences to provide tailored services to complex risk management and actuarial issues, which include identifying risk to the organization; quantifying risk and volatility; determining alternative solutions, including the strategic usage of a captive insurance company; and developing and implementing tools to monitor and measure the success of your organization. Our advisory teams work side by side with our tax, actuarial, transfer pricing and regulatory services teams to provide an unparalleled cross-functional and holistic suite of services that equally apply to large insurance conglomerates or smaller, niche captive insurance companies.

“CFOs, Risk and Tax managers are continually striving to identify ways to reduce their risk exposures, minimize costs and lower the tax burden. New developments in the captive and business landscape, such as heightened ERM frameworks, favorable US Tax Court rulings or international law changes, allow an opportunity for the C-suite to meet these goals through leveraging existing, or designing new, captive arrangements.” – **James Bulkowski**

Risk management

We help organizations find creative ways to respond to the internal and external forces that will enable them to protect their businesses' assets, revenue streams and employees, as well as hedge against potential liability.

This is driven by enhancing the overall insurance hedging strategy through usage of a captive insurance company. Captives have the potential to offer a number of strategic advantages, including centralizing risk and risk expenditure, capturing profit that insurance companies normally enjoy, and expanding insurance coverage and capacity opportunities, all done in a strategic and tax-effective manner.

The creation of a captive insurance company must start with a look at the fundamentals of the risk management program and the treatment of risk. Our client-serving teams work with you to identify, assess and quantify the structure and cost-efficiency of an insurance program that responds to risk across your organization. We also assess coverage adequacy and quantify the impact of changing retentions and limits of insurable risk. These services are flexible and scalable to suit your needs.

Our services include the following:

- ▶ Identification and quantification of risk
- ▶ Insurance program coverage and policy reviews
- ▶ Retention and sensitivity analysis
- ▶ Insurance program and vendor servicing benchmarking
- ▶ Captive insurance company feasibility and utilization studies
- ▶ Captive insurance company consolidation analysis
- ▶ Claims review and leakage studies
- ▶ Cyber risk evaluation and program development
- ▶ Cost reduction studies and risk management function optimization
- ▶ Efficiency and effectiveness analysis for existing captive structures

A captive insurance company feasibility or utilization analysis consists of identification of the risks to be insured, analysis of capital amounts needed, domicile considerations, reinsurance protection, frictional costs and tax considerations. This review is not conducted in isolation; various management stakeholders are involved in the process and participate in all critical feasibility decisions. This includes enterprise risk management, tax, insurance risk management and treasury. Only from this iterative process will a captive vehicle be designed that responds to the needs of your organization, as well as key constituents.

Actuarial

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Our global network of Captive Services professionals provides a number of services to support the formation and management of captives. This includes the analysis of risks to be written by the captive, pricing of risks, analysis of capital requirements for the captive, pricing of reinsurance for the captive, provision of actuarial studies and opinions regarding claim liabilities for internal management and regulators, and analysis of the economic impact that the captive has on the affiliates and the company in aggregate. We can also assist in the structuring of insurance or reinsurance contracts to implement the designed captive programs.

Our captive actuarial analysis is driven by qualified actuaries with experience in all of these areas, as well as most regulatory jurisdictions worldwide. All of our analyses, findings and conclusions are documented in reports that meet actuarial, regulatory and individual client requirements. We work closely with our clients to provide a tailored analysis that meets each client's specific needs and objectives.

Our actuarial services include the following:

- ▶ Regulatory actuarial opinions and self-contained actuarial reports that can be provided to regulators
- ▶ Actuarial reports that can be provided to auditors to meet their specific requirements
- ▶ Funding analysis for prospective exposure (pricing)
- ▶ Actual vs. expected analysis to track both past and expected future emergence levels
- ▶ Payout patterns development
- ▶ Discounting analysis
- ▶ Analysis to determine optimal retention levels
- ▶ Reinsurance analysis to determine the cost or benefit of a reinsurance purchase
- ▶ Confidence level review to determine expected level of loss, as well as associated variations in loss
- ▶ Capital management
- ▶ Exploration of the consolidation of self-insurance exposure



“Business globalization, proliferation of technology, and ever-increasing levels of risks touching almost every part of business operations – all call for a more efficient, strategic, responsive and adaptive risk management function. Captive insurance markets, both in the US and internationally, provide a formidable, yet flexible platform for domestic and cross-border enterprises to address their most common or most intricate insurance needs. From deductible buy-downs or catastrophic layers to more advanced and innovative products – a properly structured captive insurance program can add significant value to any company’s risk management function, finance operations, treasury and provide a better balanced and efficient capital utilization opportunity.” – [Mikhail Raybshteyn](#)

Tax

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Managing tax obligations responsibly lays a foundation for pragmatic and sustainable long-term growth. Drawing on the combined skills of EY professionals from all areas of tax, our clients benefit from our deep understanding of critical tax issues. Members of the EY Captive Insurance Services Teams bring pragmatic thought leadership on current tax environment, years of experience in all facets of the tax world, and innovative thinking tailored to each and every client situation. We provide services in the areas including, but not limited to, tax consulting, structuring and advisory; tailored tax compliance; tax provision preparation or assistance; transfer pricing planning, documentation and risk mitigation; indirect tax services such as value-added tax (VAT) and premium tax, independent procurement tax, state and local income taxes; assistance with examinations from tax authorities; international tax advisory services; tax technology and transformation services; and many others. This holistic portfolio of services will help you align your company's tax position with its overall business strategy while managing worldwide tax risks and meeting cross-border and multijurisdictional reporting obligations. In 1 country or 126, you will receive integrated and practical service, all delivered with our commitment to quality and your company.

Business tax services

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Business Tax Services (BTS) are globally connected tax planning and advisory practices. It combines our broad Business Tax Advisory (BTA) practices with a variety of specialty service teams and offerings, which enable us to provide insightful, innovative and practical multi-country tax advisory services in a connected and consistent manner throughout every stage of the tax life cycle: planning, accounting, compliance and controversy. This vertical integration, as well as cross-service line coordination, allows us to deliver value to our clients across every sector and market.

Business tax advisory services

Today's business tax strategies must balance business objectives with an ever-evolving legislative and regulatory environment. Our BTA practices combine technical knowledge with practical, commercial and industry experience. Our tax professionals draw on their diverse skills and experience to deliver advice tailored to your business, from planning and determining feasibility through helping with implementation, to reporting and maintaining effective relationships with the tax authorities.

Members of the BTA practices can assist with all aspects of the tax life cycle, including planning and advice with respect to qualification as an "insurance company" under Subchapter L of the Internal Revenue Code, focusing on the areas of insurable risk, risk shifting, risk distribution and the common notions of insurance. Additionally, BTA practices advises on reorganizations; permanent establishment and effectively connected income considerations; revenue recognition matters, including premium and investment income; and general expenses, including policyholder's premium deductibility or corporate premium acquisition expense. In summary, BTA provides tax advisory services for complex business transactions and proposed structures.

BTA includes providing tax opinions or other written correspondence that involves a tax technical analysis of a transaction or arrangement and advising on the probability of obtaining rulings or confirmations from tax authorities in order to obtain greater certainty of the tax consequences of a proposed transaction. Our professionals draw their knowledge from decades of technical experience with professional services firms, law firms, internal corporate functions, federal and local tax authorities, and regulatory agencies.

You benefit from our professionals' deep understanding of critical tax issues and emerging opportunities, as BTA can help you evaluate various captive insurance structures, guarantee or indemnity arrangements from various perspectives, e.g., as a risk transferor or policyholder, an owner of an alternative risk structure, or as the entity or arrangement assuming the risk. Our people have extensive experience in all aspects of the captive markets.

We can help you reduce inefficiencies, improve risk management structure, mitigate risk and make the most of opportunities, building sustainable tax strategies that can help your business succeed.

Insurance product taxation

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What is insurance?

That is the age-old question likely to live on as long as the world continues to change, new risks arise and risk management products evolve to manage them. Congress has spoken as to how policyholders and insurance companies should be taxed on the income, expenses, liabilities and benefits that flow from an insurance arrangement. Such treatment could be vastly different from that which applies to other types of arrangements, and, depending on the facts of a particular case, could have a meaningful impact.

The courts have provided guidance on the elements one can look to in order to determine the presence of insurance. Most recently, they have provided helpful guidance on how to analyze what should be respected as an insurance risk. It is with those parameters in mind that the Ernst & Young LLP (US) Captive Insurance Services team can assist a company in analyzing its risks with an eye toward whether those risks can be placed in an insurance vehicle that will be respected as such for US federal income tax purposes. This includes looking at some of the newer and less traditional risks that businesses need, or may want, to cover and that, absent insurance, could only be handled through self-insurance or other types of non-insurance/financial vehicles.

In addition to the risk identification and analysis, our teams can assist with the structuring of the insurance vehicle and advise on developing the terms of the insurance arrangement in a manner intended to qualify it as insurance. Since insurance may not always present the most efficient solution, or the subject risk might not qualify as an insurance risk, the teams can also help companies determine whether another type of financial instrument may be better suited for their needs, as well as help to understand the associated tax treatment.

Global compliance and reporting

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Global compliance and reporting (GCR) comprises the key elements of a company's finance and tax processes used to prepare statutory financial and tax filings, which reside within a broader set of record-to-report (R2R) processes. R2R is the intersection between any company's finance and tax departments and is used to capture, process and store information essential to statutory accounting, tax compliance and reporting. Any change to R2R processes, information, finance systems, roles or responsibilities will directly impact GCR processes.

Our GCR services can help you meet your reporting requirements and provide you with access to dedicated insurance tax teams with significant years of experience in the captive insurance arena. Through a seamless, integrated approach using a standardized methodology and an extensive network of experienced captive insurance professionals, EY's Global Captive Network and Captive Insurance Services teams can assist captive insurance companies in all stages of the tax life cycle (planning, accounting, compliance and controversy).

We offer a flexible and scalable approach. Your needs may change as your finance and tax model evolves. Our service model can scale from monitoring your local filing obligations to outsourcing your entire R2R process. Our services include the following:

- ▶ **Tax accounting and provisions**, including annual tax provision preparation and/or review, provision-to-return analyses, tax account reconciliations and rollforwards, and research and documentation of issues
- ▶ **Income tax compliance**, including preparation and/or review of US federal income tax returns (e.g., Form 1120-PC, 1120-L, 1120-F) as well as informational returns (e.g., Form 5471, Form 8937, Form 8938, Financial Crimes Enforcement Network (FinCEN) Form 114, Form 8886)
- ▶ **Consultation regarding the Internal Revenue Code Section 953(d) election**, including understanding the impact of the election, filing the election and monitoring the letter of credit requirements, if applicable
- ▶ **Tax controversy and planning**, including assisting with examinations by taxing authorities and having "examination ready" supporting documentation

Tax controversy

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Despite some recent court losses involving transactions with captive insurance companies, in the United States the Internal Revenue Service (IRS) remains very interested in examining such transactions. In fact, after first designating certain arrangements involving so-called “micro-captives” (i.e., captives with net written premiums below a certain threshold electing under Section 831(b) to be taxed only on taxable investment income) as constituting a “transaction of interest” (TOI), which creates reporting and disclosure obligations for the TOI participants, the IRS Large Business and International Division (LB&I) identified micro-captives as comprising 1 of only 13 issue-based examination and compliance process “campaigns.” Outside of the micro-captive context, although certain IRS “safe harbors” exist, areas of uncertainty abound. The rules are not clearly defined, and the IRS lags behind the courts in approving certain captive insurance arrangements as insurance for US federal income tax purposes. Accordingly, many companies risk having their captives challenged and potentially recast, resulting in potential tax deficiencies.

Ernst & Young LLP (US) Captive Insurance Services team can help a company navigate the uncertain gray areas by developing structures for a captive insurance company, including a micro-captive, that will satisfy the IRS safe harbors or fall within a well-developed area of the law and by analyzing whether an existing micro-captive fits the IRS criteria for a TOI. If your captive is under audit, we can assist you in navigating the IRS examination process. We can also assist you with the IRS appeals process or by employing other IRS alternative dispute resolution procedures. We offer the following services:

- ▶ **Experienced tax controversy and IRS administrative practice professionals:** An extensive network of former IRS executives, who have been instrumental in developing and implementing many of the IRS programs and procedures involved in issue development and resolution, is available to assist companies through an IRS examination and beyond.
- ▶ **Knowledgeable captive insurance controversy professionals:** Ernst & Young LLP’s (US) Captive Insurance Services team include several team members who have successfully resolved captive insurance matters with the IRS. One member of the team is a former counsel to the IRS and served as a captive insurance issue professional while with the IRS. She has more than 25 years of experience analyzing IRS and court pronouncements on captive insurance arrangements and, thus, is adept at crafting arguments and submissions to support a company’s reporting of captive insurance arrangements.



Transfer pricing and operating model effectiveness

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EY has transfer pricing professionals based throughout the world who operate as teams dedicated to serving financial services institutions. Our multidisciplinary teams include PhD economists, attorneys, CPAs, MBAs and professionals with tax authority experience. Team members have worked with various tax administrations to develop transfer pricing approaches to transfer pricing problems specific to financial services institutions, as well as having been invited to provide the Organisation for Economic Co-operation and Development (OECD) with guidance concerning financial services transfer pricing issues generally.

Certain Ernst & Young LLP (US) transfer pricing professionals are primarily responsible for providing services to our insurance and captive insurance clients under the Financial Services Transfer Pricing (FSTP) practices. Our global network of Captive Services professionals provides a variety of services to the captive industry.

We provide a comprehensive suite of transfer pricing services that covers the full insurance captive life cycle.

Transfer pricing planning and feasibility study

For companies considering whether to set up captive insurance companies or new related-party transactions involving their existing captive insurance company, EY US could assist those companies with the following:

- ▶ Identifying and assessing transfer pricing risks faced by new captives, particularly in light of the changes from the OECD Base Erosion and Profit Shifting (BEPS) project
- ▶ Evaluating transfer pricing risks of new related-party transactions that involve existing captive insurance companies
- ▶ Evaluating the effectiveness of supply chain strategy with regard to related-party transactions that involve captive insurance companies
- ▶ Leveraging existing actuarial analysis to manage transfer pricing risks

Transfer pricing health check and documentation

For companies with existing captive insurance companies, EY US could assist them with the following:

- ▶ Prioritizing the related-party transactions affecting the captive insurance company, such as insurance, services, guarantees and loans, particularly in light of the changes from the OECD BEPS project
- ▶ Documenting business purpose and economic substance
- ▶ Appropriately analyzing the transfer pricing practice of a captive insurance company based on applicable transfer pricing requirements
- ▶ Reviewing transfer pricing policies against actual practices
- ▶ Documenting transfer prices of related-party transactions according to the US and other local documentation standards, as well as the OECD transfer pricing guidelines, including the changes from the OECD BEPS project

Transfer pricing controversy and risk management support

EY US could also assist companies with captives with the following:

- ▶ Developing confidence in existing transactions involving a captive insurance company
- ▶ Identifying and managing areas of concern under risk of transfer pricing audit, arbitration, litigation and other controversy-related activities
- ▶ Evaluating and negotiating an advance pricing agreement or seeking competent authority treatment where applicable



Indirect tax services

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Indirect taxes affect the supply chain and the financial system. Our network of dedicated indirect tax professionals combines technical knowledge and years of experience with industry understanding and access to technologically advanced tools and methodologies. We identify risk areas and sustainable planning opportunities for indirect taxes throughout the tax life cycle, helping you meet your compliance obligations and your business goals around the world. Our indirect tax services include the following:

- ▶ **Premium or independent procurement tax advisory:** We can support full or partial captive premium tax outsourcing and independent procurement tax outsourcing. Our insurance tax professionals have more than 30 years of experience and can answer premium tax accounting, compliance and controversy process questions. These professionals play an important role in captive insurance planning and feasibility studies, skillfully navigating through a myriad of varying tax laws, judicial developments and other legislative updates within a multitude of jurisdictions – all geared toward providing the most rational and value-driven service.
- ▶ **Value-added tax and customs services:** We can support full or partial value-added tax (VAT) compliance outsourcing, help identify the right partial exemption method and review accounting systems. Our customs and international trade teams help you manage customs declarations, audit and review product classifications, and evaluate import or export documentation. We can give you the perspective and support you need to manage indirect taxes effectively.
- ▶ **Tax credit investment advisory services:** The Tax Credit Investment Advisory Services (TCIAS) group helps public and private ventures identify and analyze acquisition and management issues of various tax credit investments. Our TCIAS groups provide investment transaction support in various community development tax credit programs, such as new markets. Of the Big Four, only we have a network of practices fully dedicated to these types of programs.

International tax services

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Our international tax professionals assist clients in managing their global risk footprint in a tax-efficient manner by reviewing our clients' risks and placing these risks in a favorable structure. This includes uncovering opportunities within the applicable treaty networks and placing risk in the domiciles that best meet our clients' needs. In determining a client's optimal captive structure, we take a holistic approach. We look at the regulatory environment of several domiciles; the US federal, foreign, and local tax benefits and costs; and we consider how a captive's funds can be invested. Repatriation structures are also considered. After an efficient structure is implemented, our integrated global network of international tax professionals can help meet all your cross-border reporting obligations.

In recent years, the Organisation of Economic Co-Operation and Development (OECD) and the European Union (EU) have taken actions so that the global taxes paid by our clients will be fair and that global tax is appropriately paid into each country. The OECD has issued Base Erosion and Profit Shifting (BEPS) guidance and the EU has issued an Anti-Tax Avoidance Directive (the Directive). As BEPS and the Directive will impact the tax statutes of countries around the globe, our international tax professionals are diligently reviewing these new statutes issued by each country to help establish each client's structure in the most favorable and efficient way.

We also maintain a network of Foreign Tax Desks – teams of highly experienced professionals from multiple countries – that provide deep knowledge of tax-specific issues with respect to their own country. Through the combination of local professionals and our Foreign Tax Desk network, we can provide real-time advice on business issues, including the efficient movement of risk.



“With changes to international tax regimes, whether as a result of the Tax Cuts and Jobs Act, the EU Anti-Tax Avoidance Directive or OECD BEPS action items, coupled with our world becoming more and more interconnected, relying on advisors with a global reach is essential for any multinational. EY’s Captive Insurance Services practice, as an integrated group located in offices around the world, has the expertise and experience to assist clients in implementing captive structures that meet their needs on a worldwide basis.” – [Ted Clabault](#)

Assurance

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Assurance professionals provide confidence about the validity of financial statements, business-critical information or processes to companies, investors and regulators. Assurance skills are not limited to audit or finance. Our insurance teams serve a diverse range of companies, from highly capitalized SEC registrants to single parent captives, including property and casualty insurers, reinsurers, life and health insurers, and insurance brokers, as well as managed care and other risk-bearing entities. Our experience includes the areas of audit, tax and business advisory services; regulatory and risk management; information systems auditing; accounting; and actuarial services. Assurance professionals also help clients make informed decisions about monitoring and reporting on environmental policies, fraud investigations, and governance and management systems.

External audit

In Assurance, our audit reports opine on the fairness with which the audited financial statements present, in all material respects, the financial position, results of operations and cash flows in conformity with the applicable financial reporting framework. Audited financial statements are typically used by third parties such as regulators, financial institutions and tax authorities.

Most jurisdictions require an annual submission of audited financial statements to the applicable regulatory body. In the United States, regulators and standard setters in the accounting and auditing profession are the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), Securities and Exchange Commission (SEC), Public Company Accounting Oversight Board (PCAOB) and the American Institute of Certified Public Accountants (AICPA).

Accounting compliance and reporting

Accounting compliance and reporting (ACR) services are designed to assist the client (or, more specifically, its entities in countries around the world) with the preparation of statutory financial statements, or other financial information, prepared according to the local financial reporting framework (statutory reporting). In many cases, the client also requests our support in creating the accounting information that is the basis for statutory reporting (supporting the financial statement close process) as an ancillary service. In this way, we help multinational companies that seek to use an outside provider in order to report their financial performance in multiple jurisdictions.

ACR services can be part of multi-country global compliance and reporting (GCR) services that are delivered in cooperation with our Business Tax Compliance teams when we provide compliance services on a worldwide basis. The four primary categories of ACR services include the following:

- ▶ **Supporting the financial statement close process:** We assist with the preparation of the final trial balance (from which statutory financial statements or other financial information may be prepared, including the information needed for the tax compliance work), starting with either the entity's underlying accounting records or a preliminary trial balance.
- ▶ **Statutory reporting:** We assist with the preparation of statutory financial statements or other financial information, which may comprise a complete set of financial statements or, as required, less comprehensive financial information based on local requirements (e.g., a balance sheet and income statement with notes, but excluding the other statements that comprise a complete set of financial statements). Our statutory reporting service may also include assisting with the preparation of a group reporting package in accordance with the local financial reporting framework.
- ▶ **Bookkeeping:** We assist with maintaining the accounting records for the entity in the local or group financial reporting framework (e.g., International Financial Reporting Standards). Bookkeeping is typically not delivered as a stand-alone service. Rather, it is generally delivered as an ancillary service as part of a larger engagement with the core service of supporting the financial statement close process or statutory reporting. The bookkeeping service does not include having authority over the client's bank accounts, client funds or the management of an entity.
- ▶ **Payroll accounting and operations:** We administer the payroll processes, including the preparation of a payroll register or calculations of amounts to be used in the preparation of the payroll register, but excluding control over client funds. This service includes related withholding tax and Social Security form preparation and filing.

For clarification, ACR is not the same as conducting a statutory audit. Rather, ACR services help clients to prepare financial statements used in the audit process.

Financial accounting advisory services

Our Financial Accounting Advisory Services (FAAS) professionals translate complex accounting and financial reporting issues into practical solutions that our clients can use to successfully operate in today's global economy. FAAS professionals assist clients that are experiencing changes that impact financial reporting and the finance function. These changes are often driven by regulatory reform, transactions or internal transformational activities, and they lead to complex accounting and reporting challenges. The role of the FAAS professional is to identify these changes, help clients understand the issues, evaluate their options and effect sustainable change by coordinating technical and advisory resources from across our member firms. While FAAS serves as an advisory extension of Assurance, primarily assisting non-audit clients, FAAS professionals are also available to assist audit teams. FAAS can help provide insights to our audit clients to assist them in understanding the effect of accounting changes or policy reviews, generally accepted accounting principle (GAAP) conversions and transactional accounting, and supply chain risk, such as commodity pricing or foreign exchange fluctuations.



Captive Insurance Services lead contacts

Consistent with our holistic approach, the Global Captive Network and Captive Insurance Services teams are co-led across our service and subservice lines.

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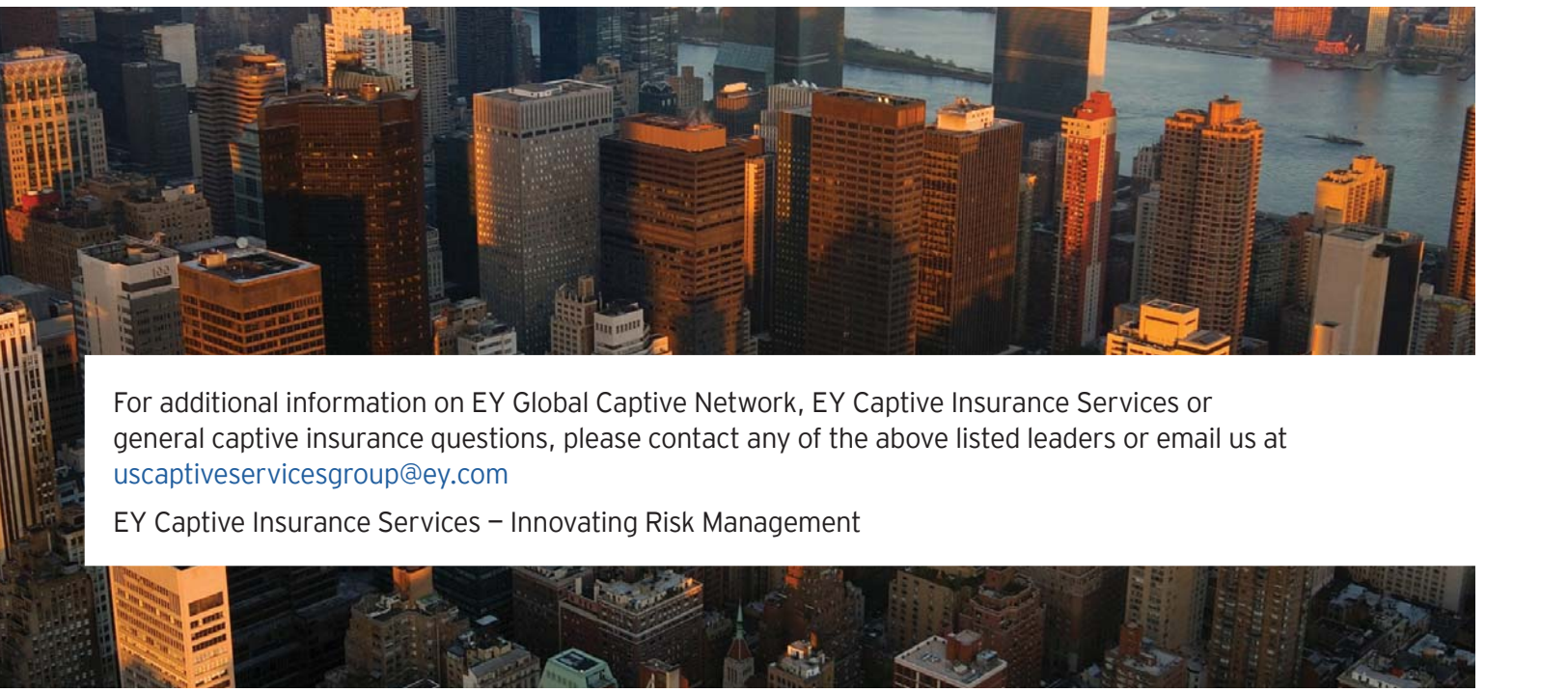
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For additional information on EY Global Captive Network, EY Captive Insurance Services or general captive insurance questions, please contact any of the above listed leaders or email us at uscaptiveservicesgroup@ey.com

EY Captive Insurance Services – Innovating Risk Management



“We endeavor to align our Captive Insurance Services teams and the Global Captive Network against the captive market in a seamless manner, allowing us to bring a holistic portfolio of service offerings to interconnected global organizations. This differentiated approach to the market is only one of various execution steps that we are undertaking so that we bring value to our clients and properly serve all key stakeholders in the industry. We are very confident in the captive marketplace and look forward to the continued evolution of the industry.”

– Paul H. Phillips III



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