

# The News Journal

## Working Together Can Potentially Reduce Local Organizations' Insurance Costs



*Fred C. Sears II, President & CEO, Delaware Community Foundation; Richard F. Klumpp, President & CEO, Wilmington Trust SP Services, Inc.; Karen Weldin Stewart, Delaware Insurance Commissioner, State of Delaware; Marla H. Norton, Director, Bayard, P.A. and Neil B. Glassman, Director, Bayard, P.A. at the captive insurance presentation to nonprofit organizations.*

**Contributed by Delaware Community Foundation • October 1, 2009**

Officials from [Wilmington Trust](#) and the Wilmington law firm [Bayard](#) joined the [Delaware Community Foundation](#) to introduce local nonprofit organizations to the concept of working together to reduce their insurance costs at a September 29 event held at the Community Service Building in Wilmington.

Representatives from First State's nonprofit organizations were introduced to the concept of establishing a captive, a bona fide insurance company whose business is supplied and controlled by its owners, most likely those principally insured. Using a captive insurer is a risk management technique which, in its simplest form, involves a business or group forming an insurance company subsidiary to handle some or all of the risk exposure that would otherwise be insured through traditional third party insurance.

"We believe that the nonprofits in Delaware could benefit in a number of different ways from the establishment of a captive," cited Richard F. Klumpp, President and CEO of Wilmington Trust SP Services, Inc., one of the presenters. "While ultimately very similar

to self insurance, if structured properly a captive may provide significant risk management, enhanced cash flow and other ancillary tax benefits when compared to 'pure' self insurance."

In her opening remarks presenter Bayard Director Marla H. Norton noted, "We know that these are difficult economic times for nonprofits and wanted to open a dialogue with local nonprofit organizations to explore whether captive insurance might be a solution to help them, or certain segments or groups within the nonprofit community, manage their insurance needs in the face of rising insurance costs."

For more information about establishing a captive for Delaware's nonprofit organizations, please contact Marla Norton by calling (302) 429-4214 or email [mnorton@bayardlaw.com](mailto:mnorton@bayardlaw.com) or Richard Klumpp by calling (302) 651-8356 or [rklumpp@wilmingtontrust.com](mailto:rklumpp@wilmingtontrust.com).

### **About The Delaware Community Foundation**

The Delaware Community Foundation manages charitable funds for individuals, families, businesses and organizations, and distributes income from the funds as grants to humanitarian, educational, health and cultural entities throughout the First State. With almost 1,000 funds, nearly \$200 million in assets and annual grants of about \$15 million, the Foundation provides a lasting source of charitable funding to benefit Delawareans today and for generations to come. For more than 20 years the Foundation has been connecting people who care with the causes they care about, helping to make Delaware a better place to live and work. For information, please call 302.571.8004 or visit [www.delcf.org](http://www.delcf.org).