

Group Captive Stop-Loss

Gain Control and Transparency While
Lowering Your Costs

A Presentation From
CCHI/RMRS

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What is Group Captive Stop-Loss?

- It's a response to employers who desire:
 - More control over healthcare costs
 - Greater transparency
 - Potential for profit participation and income
- Group Captive participants share risk, but they also share in profits and investment income.

How Group Captive Works

- Participants (normally all will have similar good loss histories and pro-active risk management programs) join together to form an insurance facility that pays all claims above each participant's specification and up to the stop-loss coverage. Participants fund a pool to pay claims up to the stop-loss limit, with each participant benefiting at the end of the term from any underwriting profits and investment income.

Three Layers

Excess Stop-Loss Layer

Pays claims above the Captive Stop-Loss limit,
similar to a standard Stop-Loss policy

Captive Layer

Group pool pays claims above the individual participant's limit,
and up to the Excess Stop-Loss limit

Participants

Company
A

Company
B

Company
C

Company
D

Company
E

Company
F

Each company pays its own claims to a limit each has predetermined.

Group Captive Benefits

- Control -- Puts you in greater control at the first layer of insurance
- Transparency -- Shows you where the dollars go
- Cost -- Lets you stabilize premiums PLUS share in the profitability of the pool
- Mid-sized firms can achieve savings similar to firms of 5,000+ lives
- Helps avoid lasers

Comparison of Possible Group Captive Scenarios

	Better (85%)	Expected (93%)	Maximum (125%)
Gross Earned Premium	\$3,000,000	\$3,000,000	\$3,000,000
Specific Excess Premium	\$450,000	\$450,000	\$450,000
Net Earned Premium	\$2,550,000	\$2,550,000	\$2,550,000
Expenses	\$675,750	\$675,750	\$675,750
Net Loss Fun	\$1,874,250	\$1,874,250	\$1,874,250
Incurred Losses	\$1,593,113	\$1,743,053	\$2,342,813
Underwriting Income (Loss)	\$281,138	\$131,198	-\$468,563
Capital Collateral Contribution	\$468,563	\$468,563	\$468,563
Net Surplus	\$749,700	\$599,760	\$0
Rate of Return on Capital	60%	28%	
Captive Operating Expenses			
Carrier Rention (15%)	\$383,500		
Captive Management fees (1.5%)	\$38,250		
Aggregate Excess Premium (10%)	\$510,000		

Why Use a Group Captive?

- 93% of large firms self-insure, but only 58% of medium-sized firms (100-1,000 lives) do so.*
 - Group Captive can help medium-sized firms achieve the cost-savings enjoyed by larger firms
 - Group Captives let you combine purchasing power with other similar self-insured companies resulting in cost-savings
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- Burt Wilson, Midsize Firms Can Benefit From a Self-Funded Health Care Plan, Corporate Wellness Magazine, November 2011

Why Choose CCHI/RMRS for Your Group Captive?

- 30 years of experience, well-established partnerships
- Risk Management expertise:
 - [Registered Nurse/Certified Case Manager](#) on staff
 - Advocates for you
 - Increased oversight and clinical control
 - Claims management, potential to reduce claims costs
- Profits due to RN intervention return to Group Captive for distribution
- Single point of contact with carriers
 - Convenient, saves time
 - Highly-effective negotiation of rates
 - Clinical and financial reporting keeps you in control

Find out what a Group Captive from CCHI/RMRS can do for you

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