

Captives:

A Perfect Fit

For ESOPs



True Partnership



Program Advisor
NCEO Liaison



Captive Consultant
Captive Operations



ESOP Expert & Oversight
Communication
Marketing



INNOVATIVE CAPTIVE STRATEGIES

Innovative Captive Strategies



CAPTIVES



**Property
Casualty**

Since 1999

**Alternative Risk
& Consulting**



Since 2004

**Employee
Benefits**



Since 2012



What is a Group Captive?





Why Are We Here?

Little Control 

 Escalating Rx

Limited Claims Info. 

 Unjustified Increases

 Large Claim Frustration

 Lack of Options

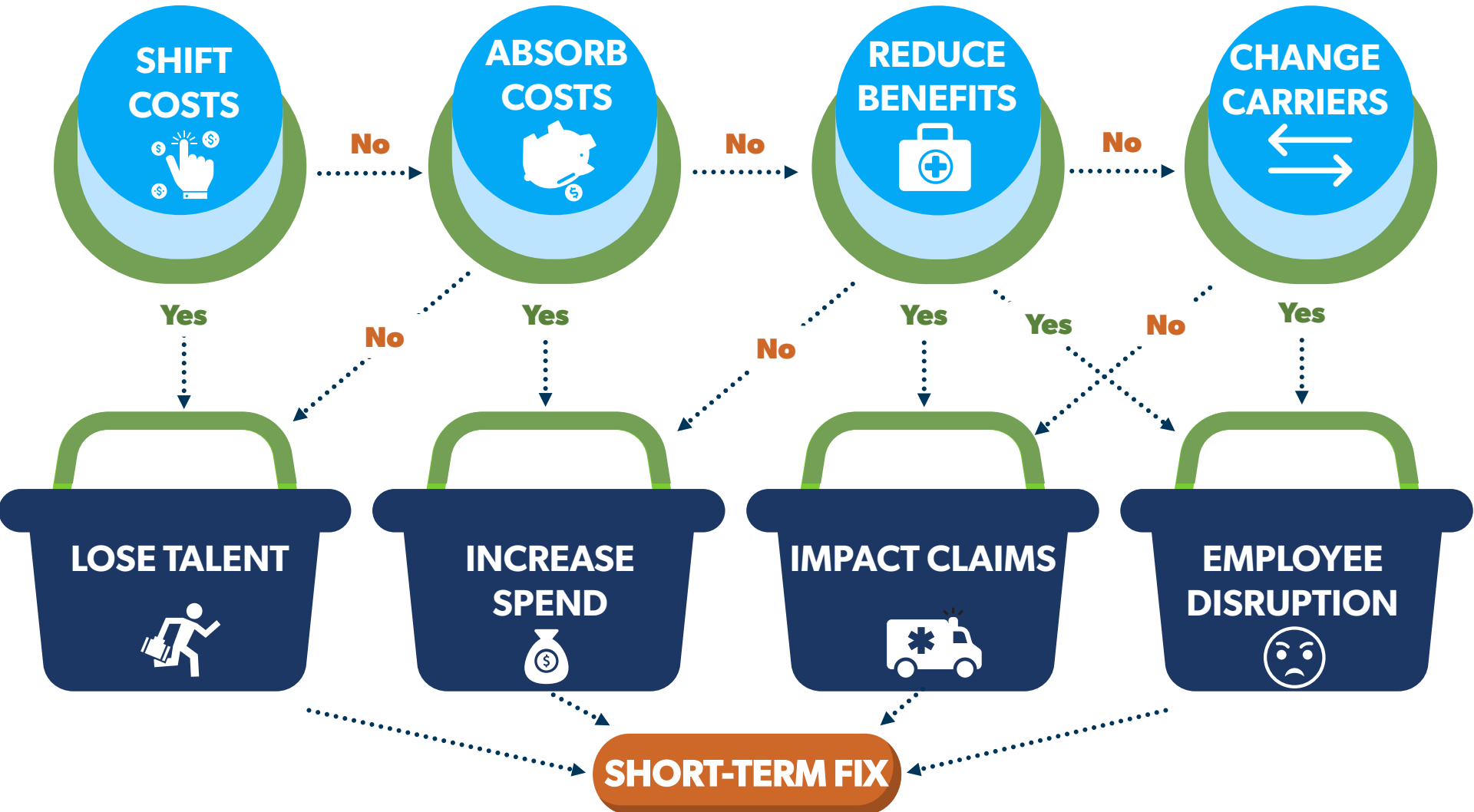
Little Transparency 

 Hardening Stop Loss

COST

Today's Market

What Can You Do?



Funding Options



**ICS Group
Captive**

**Fully-
Insured**

**Level-
Funded**

**Self-
Funded**

OWNERSHIP



Rent



Own



Your Options




	Fully-Insured	Level-Funded	Self-Funded	EB Captive
Available for Smaller Employers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	×	<input checked="" type="checkbox"/>
Fixed Annual Payment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	×	×
Plan Design Flexibility	×	×	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Claims Information	×	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Reward for Performance	×	Some	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Manageable Risk Level	×	<input checked="" type="checkbox"/>	×	<input checked="" type="checkbox"/>
Renewal Stability	×	×	×	<input checked="" type="checkbox"/>
Group Purchasing Power	×	×	×	<input checked="" type="checkbox"/>
Peer Group Support & Sharing	×	×	×	<input checked="" type="checkbox"/>



Introducing...



Carrier:	 Sun Life
Effective Date:	7/1/2021
EE Size Range:	50-1000 EEs (Avg. 222)
% Fully-Insured: (before joining)	60%
% Self-Funded: (before joining)	40%

Common industries:



Construction



Manufacturing



**Insurance
Services**



Engineering



Distribution



**Plumbing,
Heating & Air
Conditioning**



Farm Equipment



Why Should You OWN?

Opportunity



Stability



Control



Why Should You OWN?

Opportunity



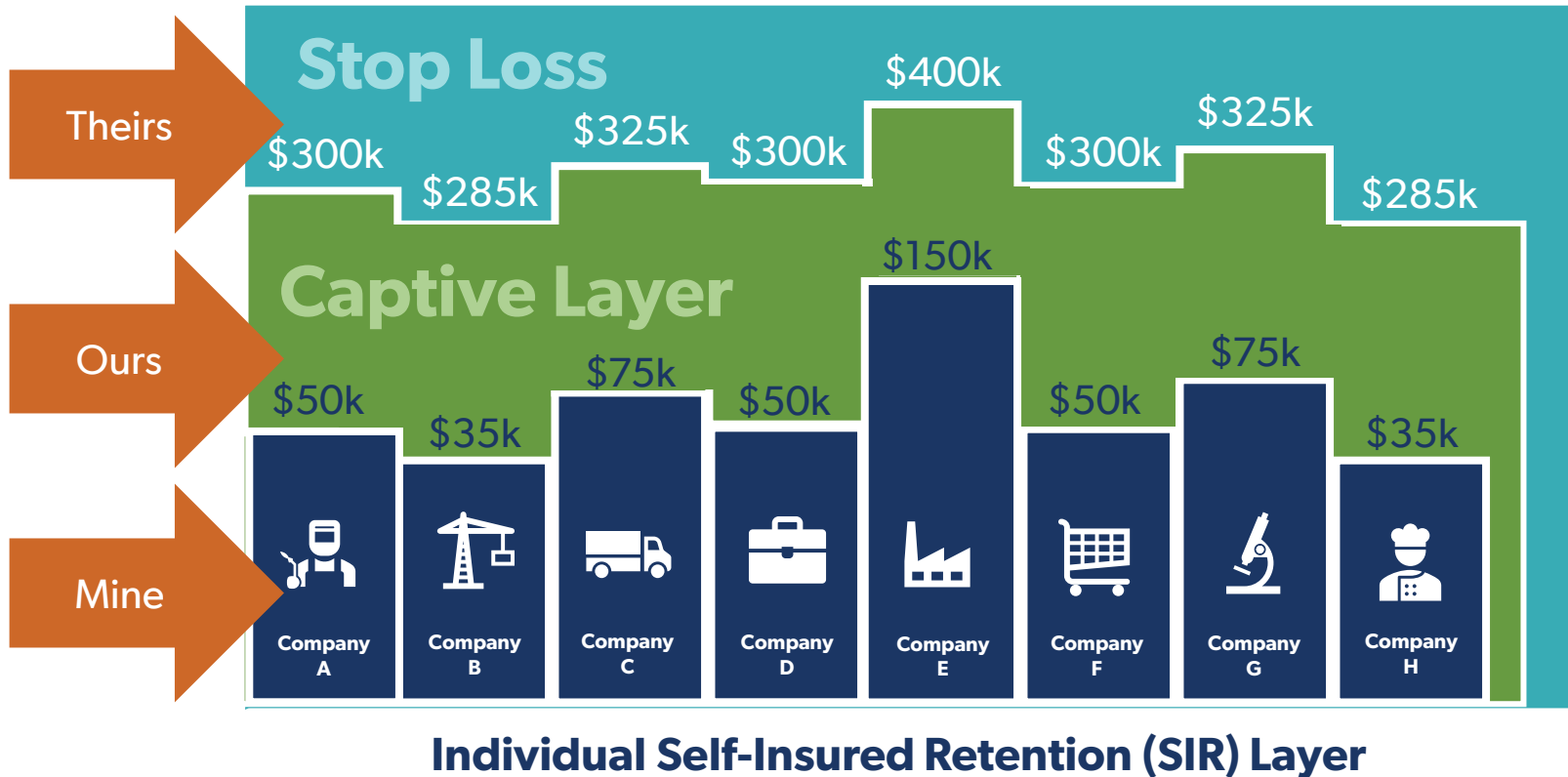
Stability



Control



EB Captive Structure



Dollar Breakdown

Fully-Insured \$



100%
Fixed
Expense

Self-Insured \$



40%
Fixed
Expenses

60%
Self-Insured
Claims



20%
Fixed
Expenses

20%
Captive
Funding

60%
Self-Insured
Claims



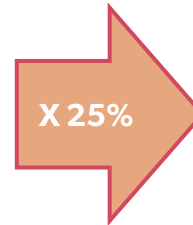
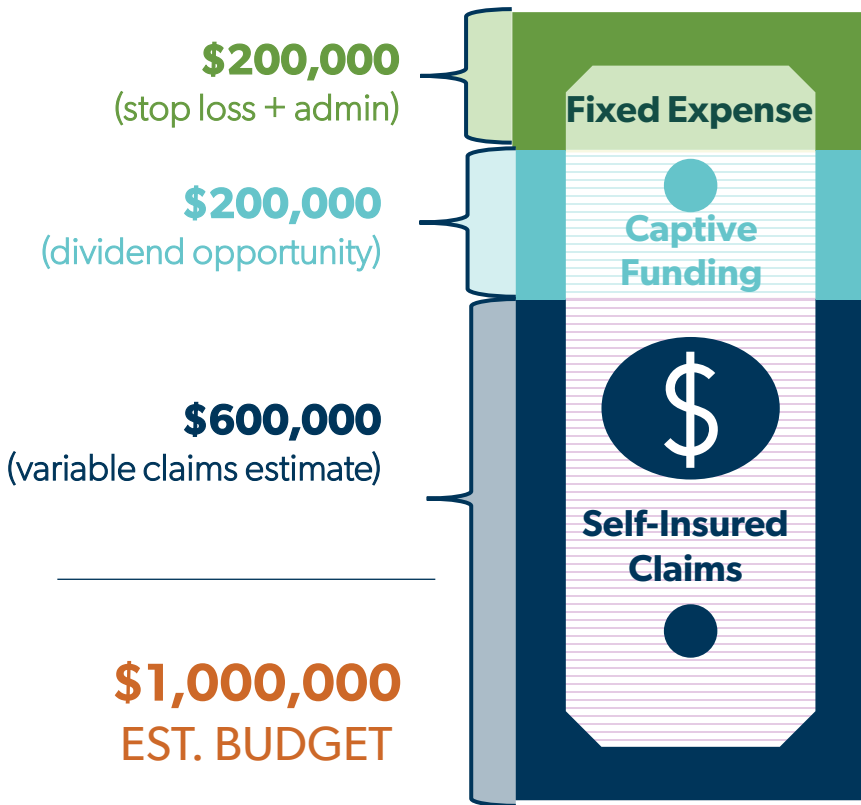
Risk for Reward



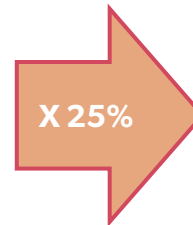
Less than 1% hit maximum!

ESTIMATED BUDGET

MAXIMUM



\$50,000
Cash Collateral



\$150,000
Claims Maximum



Why Should You OWN?

Opportunity



Stability



Control



OWN Health Self Insured Savings

Opportunity for Savings

**Loss Ratio to
Expected**

**Average
Loss Ratio:
82%**



**Total Savings
Below Expected**

\$1,228,636
Average \$ Amount Saved:
\$257k



**Average
PEPY Savings**

**Average:
\$1,095 PEPY**



OWN Health Captive Savings

Opportunity for Savings

2022-23 Profit Summary

Captive Loss
Ratio

68%



Estimated
Gross Profit

\$650K



Average
Profit Return

\$110K



Range of
Returns

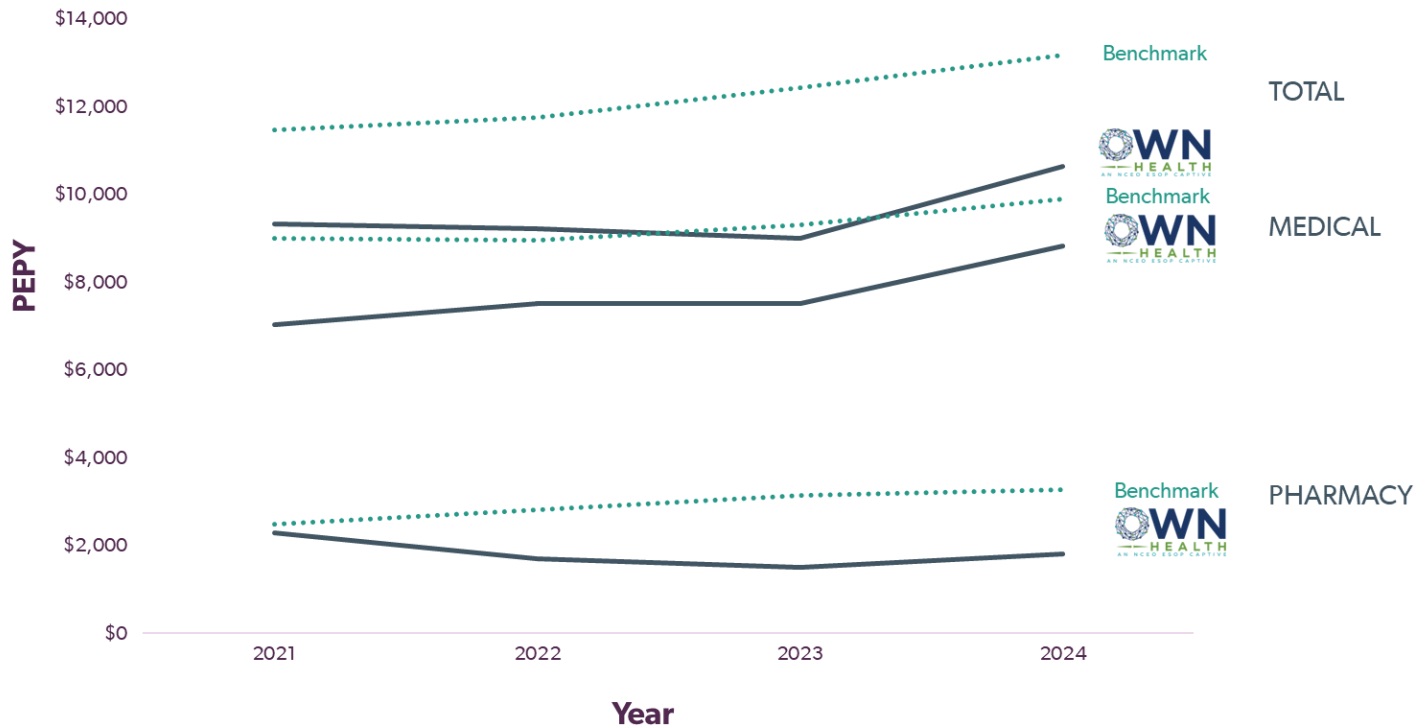
\$60K –
\$190K



Average Spend Comparison



The OWN Health Difference



20% Lower PEPY Spend vs. Benchmarking

Cleaner Pool

- Superior overall performance when PMPY or PEPY is compared to benchmarking.
- Exhibited a decrease in PMPY, while industry increased.

Why Should You OWN?

Opportunity



Stability



Control



Protect Your Dollar

CAPTIVE



80% of claims dollars are in the Self-Insured Claims & Captive Funding



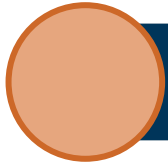
**OPPORTUNITY
& CONTROL**

Variable
(depends on claims)

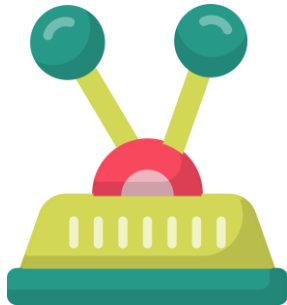


YOU Have Control

The captive provides you with levers to gain control!

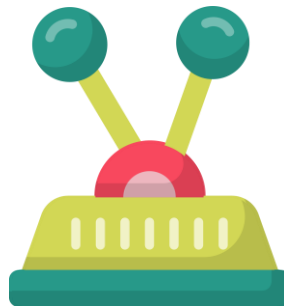


Actionable Data



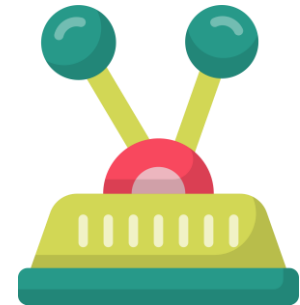
Access to claims information & ability to control cost

Plan Design Language



Customize plan language & enhance benefits

Rx & Clinical Programs



Coordinate and enhance Rx & Clinical programs based on data

Your Road to Success

analyt**ICS**

- Wellness
- Healthcare Navigation
- Mental Health
- Screening/Detection
- Financial Wellness
- Family Support

Targeted Claims Management



Coordinated Partner Resources



- Musculoskeletal
- Diabetes
- Cancer
- Chronic Kidney Disease
- High-Cost Claim Management

TRIP

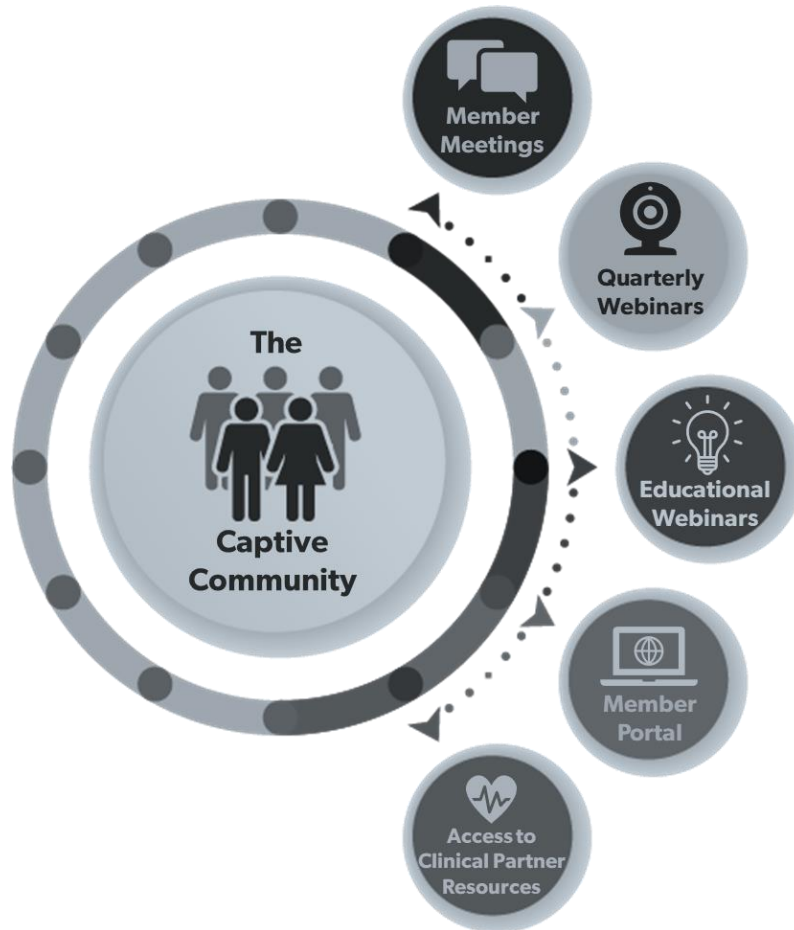


TARGETED RISK IMPROVEMENT PROGRAM



INNOVATIVE CAPTIVE STRATEGIES

What to Expect with Membership



Being an ESOP and joining a Captive has made perfect sense. As an organization, we encourage all employees to think like an **“Owner”**. A Captive brings that mindset into the Health Insurance Industry. By having and encouraging this mindset, there is no doubt that a Captive has and will continue to be successful at Timberline Manufacturing.

Craig Schroeder, HR Manager
Timberline Manufacturing



We joined the WELLth Captive to try to **control** our health care costs. Not only have we been able to control our costs, but we have been able to **learn** so much from the other members. As an ESOP company, the captive is a natural fit for our company. Rather than paying others, we have been able to pay ourselves.

Chad O’Donnell, President
Bierschbach Equipment & Supply

Testimonials from ESOPs in Captives

A FEW WORDS FROM SOME OF OUR CURRENT ESOP CLIENTS



ESOP companies truly **value** their employee-owners and being in a captive demonstrates this.

Being in a captive has provided us with greater opportunities to support our **culture** of personal accountability and well-being. The captive arrangement allows us access to greater resources which in turn provides **quality** programs for our employee-owners. The traditional resources available to a group of our size doesn’t allow for the more robust programs because we are considered a “small group.” Being a member of a captive group allows us access to the same caliber programs as the Fortune 500 companies. The captive arrangement also allows more **transparency** in insurance costs and helps us to provide more targeted programs for our group of employee-owners. This helps to reduce costs which ultimately gets passed on to the employee-owners. We have experienced smaller increases over the years than when we were in the traditional markets.

Teresa Vaughan, VP, Director of HR, Scott Insurance

Do Business Boldly.



INNOVATIVE CAPTIVE STRATEGIES