

Captives and the Cost of Certainty

The Benefits Brief: Insights that Fit Your Schedule

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A decorative image at the bottom of the slide showing a classical building facade with many windows and a Canadian flag flying on a pole to the right. The image is partially obscured by a dark blue gradient.

Cottingham & Butler

Choose Your Journey



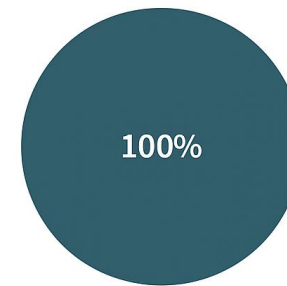
What is a Stop-Loss Captive?

Fully Insured vs. Self-Funded:

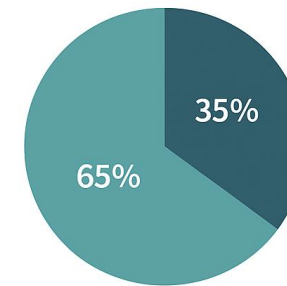
- **Fully Insured:** You pay a fixed premium to a carrier, and they pay the claims.
- **Self-Funded:** You pay your own claims up to a limit, and then buy insurance for anything above your limit (**Stop Loss**)

Where Captives fit in the equation:

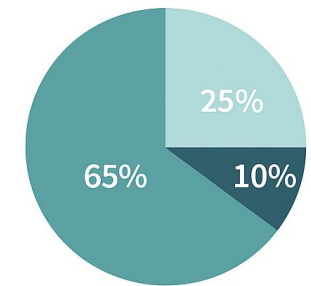
- Purchase stop-loss insurance as a group:
 - Gain buying power
 - More selective (cleaner than open market)
 - Shared risk



Fully Insured



Self-Funded



Captive Owned

■ Carrier Owned
■ Employer Owned
■ Captive Owned

The Captive Structure

Retain (*Employer Retained Risk*)

Share (*Captive Layer*)

- Employers pay into the group captive pool and share the larger claims.
- Employers share profits when claim payouts are less than the balance of the captive layer.

Transfer (*Stop-Loss Layer*)

- The largest claims are transferred to a reinsurer (stop-loss carrier).



So, why a captive then?

- ✓ **Reduced volatility over time**
- ✓ **More predictable long-term costs**
- ✓ **Alignment & shared risk with like-minded peers**
- ✓ **Benefiting from good claims years**

Finding the Right Captive

Aggregating Cell

- Larger Number of Members
- Group Purchasing Power.

High-Performing Cell

- Select Number of Members
- Proactive Cost and Risk-Management



GuideRe

High-Performing Captive

- **60 Members** and an **82% increase** since 1/1/2025
- **Member-owned** and **selective**
- **High-Performing Captive** with Required Cost Controls in Place:
 - FEDLogic
 - Condition Management
 - Transplant Carveout



What's Next?

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On Demand:

The Benefits Brief | Micro-Strategy
Sessions

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out with suggestions!**

