

Captives and the Cost of Certainty

The Benefits Brief: Insights that Fit Your Schedule

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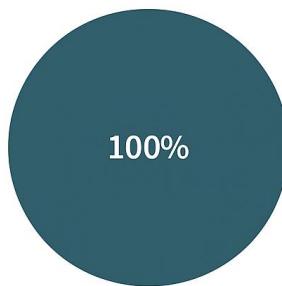
Choose Your Journey



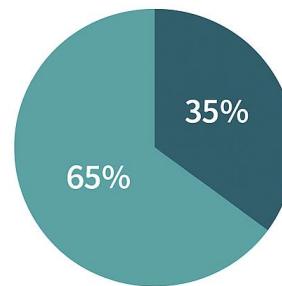
What is a Stop-Loss Captive?

Fully Insured vs. Self-Funded:

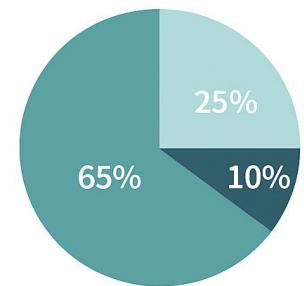
- **Fully Insured:** You pay a fixed premium to a carrier, and they pay the claims.
- **Self-Funded:** You pay your own claims up to a limit, and then buy insurance for anything above your limit (**Stop Loss**)



Fully Insured



Self-Funded



Captive Owned

- Carrier Owned
- Employer Owned
- Captive Owned

Where Captives fit in the equation:

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

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

GUIDE RE
L I M I T E D



What's Next?

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On Demand:
The Benefits Brief | Micro-Strategy Sessions

Interested in a specific topic? Reach out with suggestions!

