



Executive Summary: BenCap America Overview
on Voluntary Benefits

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Introduction

BenCap America is an innovative leader in captive insurance solutions, explicitly focusing on supplemental benefits. Established to maximize claims paid out to employees, BenCap America provides a unique value proposition to employees, insurance brokers, and sponsoring companies. This summary explores the company's strategic approach to voluntary benefits, tax implications of dividends, and the overall benefits for all stakeholders involved.

Voluntary Benefits Overview

Voluntary benefits are insurance products and services employees can purchase through their employers, typically paid via payroll deductions. These benefits offer employees access to group rates and convenience, with the unique potential for employers to receive dividends from these plans.

Increasing Popularity and Strategic Importance

In recent years, voluntary benefits have gained substantial traction. In 2022, there was a 41% increase in employers offering these benefits and a 16% rise in employee eligibility. This surge reflects the growing recognition of voluntary benefits as a powerful tool for enhancing and personalizing employee benefit packages.

Retention and Satisfaction

A recent Voya survey indicates that nearly half of employed Americans (49%) would likely stay with their current employer if offered access to voluntary benefits such as critical illness insurance, hospital indemnity insurance, disability income coverage, and accident insurance. The ability to customize benefits to individual needs plays a crucial role in employee retention and satisfaction.

Products Overview

Critical Illness Coverage

Critical illness insurance provides a lump-sum payment to employees diagnosed with severe illnesses such as cancer, heart attack, or stroke. According to a survey by the [American Heart Association](#), the average cost of treating a heart attack can exceed \$100,000, a financial burden that many employees are ill-prepared to shoulder. Critical illness coverage alleviates this burden, ensuring that employees can focus on recovery without the added stress of mounting medical bills.

Accident Coverage

Accident insurance offers financial assistance for medical expenses resulting from accidents, from emergency room visits to rehabilitation services. [The National Safety Council](#) reports an accident-related emergency room visit costs around \$3,300. Accident coverage helps employees manage these unexpected expenses, reducing financial strain and promoting quicker recovery.

Hospital Indemnity Coverage

Hospital indemnity insurance provides a daily cash benefit for hospital stays, covering expenses such as room and board, medical supplies, and surgeries. With the average hospital stay costing upwards of \$13,262, per [America's Debt Help Organization](#), this coverage is a crucial safeguard against high hospitalization costs.

Tax Implications

Dividends from voluntary benefit plans are considered taxable income for the employer. Therefore, careful planning is essential to ensure compliance with tax regulations and maximize these dividends' value for employee benefits.

Utilizing Dividends

Employers can strategically use these dividends to enhance the overall employee benefits package or reduce employee contributions for other benefits. This ensures compliance with tax requirements and improves employee satisfaction and retention.

Permissible Uses for Dividends

The dividends from voluntary benefits can be allocated to various employee benefits, even for those not enrolled in the voluntary benefit program. These include:

- Health Care Premiums
- Drug Cost Coverage
- Dental Coverage
- Mental Health Coverage
- Life Insurance
- Legal Insurance
- ID Theft Protection
- Electronic Product Warranty
- Cell Phone Coverage
- Home Product Warranty
- Auto and Home Insurance

Employers must consult with tax advisors to ensure the benefits they choose to enhance with dividends are qualified and comply with tax laws*.

BenCap America's Strategic Approach

Mission and Vision

BenCap America empowers stakeholders through innovative captive solutions in the supplemental benefits space. The company strives to become the most respected name in the industry by maintaining integrity, fostering collaboration, and continuously pursuing innovation.

Unique Value Proposition - Everyone Wins

- **Employee Benefits:** Employees receive more claims paid out for voluntary benefits.
- **Insurance Brokers:** Brokers earn higher commissions.
- **Sponsoring Companies:** Companies participate in profits generated by voluntary benefits and reinvest them in other employee benefits.

Partnerships

BenCap America has partnered with a leading health, wealth, and investment company to provide high-quality voluntary benefit products and administration. This partnership ensures clients receive comprehensive and reliable supplemental health insurance, life, disability, and voluntary insurance products.

Innovation and Success

BenCap America achieves its goal by utilizing a captive insurance program, which pays more claims and uses the broadest available policy language. This approach ensures maximum employee benefits and allows for reinvestment in ERISA plans, fostering long-term financial stability and growth.

Benefits of Voluntary Benefits

Holistic Benefits Approach

Employers are leveraging voluntary benefits to create more competitive packages. Nearly 90% of employers offered at least one voluntary benefit by 2020, with larger employers (more than 500 employees) reaching 96%. These benefits enable employees to build more holistic plans and make optimal choices for their families and finances.

Employee Engagement and Productivity

Voluntary benefits significantly impact employee engagement and productivity. These benefits can improve employee satisfaction, save money, and increase productivity. Additionally, voluntary benefits are becoming essential in the wake of the COVID-19 pandemic as employees demand more support from their employers.

Diverse Options for Modern Needs

BenCap America's voluntary benefits suite includes Critical Illness, Accident, and Hospital Indemnity options. These options provide employees comprehensive coverage, addressing diverse needs and enhancing overall well-being.

Conclusion

BenCap America is more than just a captive insurance provider; it catalyzes positive change in voluntary benefits. By strategically utilizing dividends from voluntary benefit plans, employers can significantly enhance their overall benefits offerings, improving employee satisfaction and retention. With BenCap America's expertise, employers gain a more satisfied and loyal workforce, and employees receive enhanced benefits that improve their quality of life. BenCap America's commitment to innovation, collaboration, and integrity ensures that all stakeholders experience unprecedented success and satisfaction.

Please contact us for more information or to discuss how BenCap America can help optimize your employee benefits package.

** This document offers general information, not legal, tax, or financial advice. BenCap America does not guarantee the accuracy or completeness of this information and is not liable for any errors or omissions. Employers should consult their legal and tax advisors to determine the appropriate use of dividends from voluntary benefit plans and ensure compliance with applicable laws. The examples provided are illustrative and may not apply to all situations. Use this information at your own risk. For specific advice, please consult a qualified professional.*