

GROUP MEDICAL STOP LOSS CAPTIVE

Membership in a group captive insurance company can have tremendous benefits for certain types of insureds.



WHAT IS A GROUP CAPTIVE?

A group medical stop loss captive is a form of self-insurance where a group of employers join together to create a shared risk pool for catastrophic or high-cost medical claims that exceed their standard group health plan coverage. The employers contribute premiums to the captive, which then acts as an insurance provider, covering claims that exceed the group's predetermined attachment point (the threshold where the stop loss coverage kicks in).



WHAT ARE THE ADVANTAGES OF GROUP CAPTIVES?

- **Pooled risk:** By joining the captive, employers are able to spread their risk across the entire group, protecting themselves from the financial impact of unpredictable, high-cost claims.
- **Cost savings:** Captives can often provide stop loss coverage at a lower cost compared to purchasing it individually on the open market.
- **Flexibility:** Captives allow employers to customize their stop loss coverage to meet the specific needs of their employee population.
- **Potential profit-sharing:** If the captive experiences favorable claims experience, employers may receive dividends or profit-sharing distributions.
- **Increased control:** Employers have more control over the plan design, claims management, and other administrative aspects of the stop loss coverage.



WHO IS A FIT FOR A GROUP MEDICAL STOP LOSS CAPTIVE?

Group medical stop loss captives are often utilized by medium to large employers who want to take more control over their healthcare costs and risk management strategies. The arrangement requires a certain level of group size and financial stability to be effectively implemented.



HOW DOES THE CAPTIVE MANAGE RISK?

The captive aims for a diverse mix of employers in terms of industry, size, and risk profiles. This can help stabilize the risk pool and reduce the impact of any single employer's claims experience.

By leveraging advanced data analytics and reporting capabilities, the captive can help members identify emerging trends, high-cost claimants, and opportunities for intervention.



CONSIDERATIONS:

- *Employers need to commit to long-term participation (often 3-5 years) to see the full benefits.*
- *Captive members need to have strong financial stability and claims experience to make the arrangement viable.*
- *Employers must be prepared for potential assessments if the captive experiences higher than expected claims.*



KEY HIGHLIGHTS:

- *Employers can benefit from better claims data and more control over cost management strategies*
- *Risk pooling and shared responsibility*
- *Greater stability and predictability in healthcare costs compared to individual self-insured plans*
- *Potential profit-sharing distributions and dividends*
- *To learn more about how Captives can help your company, contact Risk Management Advisors and visit our website: www.newerastoploss.com*