

CAPTIVES / 



PLAYBOOK

The Captive Advantage: A Playbook for Sustainable Employee Benefits

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Why Captives, and Why Now?

Health insurance costs continue to rise with little transparency or control. For mid-sized employers, group captives offer a powerful alternative to traditional fully insured plans, letting you pool risk, access claims data, and customize benefits without going it alone.

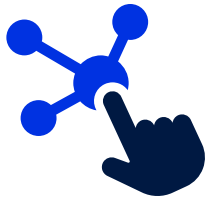
This playbook explains how group captives work, why they're gaining traction, and what it takes to succeed long-term.

WHAT IS AN EMPLOYEE BENEFIT CAPTIVE?

A group captive is a member-owned insurance company formed by unrelated employers to collectively fund and manage their employee benefit risks, typically medical plans, with options to add dental, vision, or disability later.

Rather than paying fixed premiums to a commercial carrier, members fund claims through the captive and purchase shared stop-loss protection.

Key Features



You retain ownership and share in the group's performance



Risk is pooled across all members for stability



Claims transparency and flexibility allow smarter plan management



Captive governance is shared and you get a seat at the table



WHY JOIN A GROUP CAPTIVE

1.

Control

From strategic direction to vendor selection, you help govern the program.

2.

Transparency

You gain access to detailed claims data, which is critical for identifying cost drivers, refining plan design, and managing high-cost claimants.

3.

Flexibility

Custom plan design is encouraged, not restricted. Tailor benefits to your workforce's unique needs.

4.

Stability

Group captives smooth out year-to-year cost spikes by relying on your actual claims history and the strength of the risk pool.

5.

Continuous Improvement

Captives incentivize proactive management of healthcare risk, from chronic disease programs to smarter pharmacy strategies, because better health equals better performance.

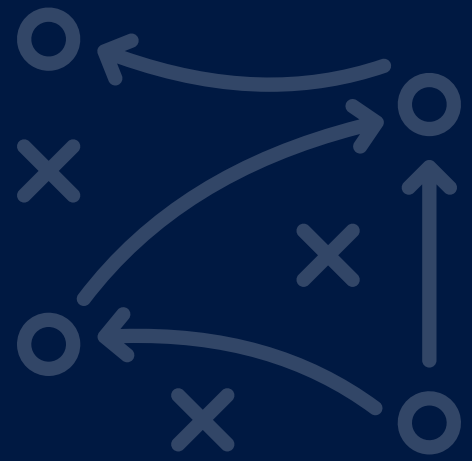
Is a Captive Right for You?

- ☐ Do you have 25-1,000 employees?
- ☐ Do you want transparency into how your healthcare dollars are spent?
- ☐ Do you want to save up to 20% annually on health insurance?
- ☐ Are you frustrated by double-digit premium increases?
- ☐ Are you willing to commit to a multi-year strategy?
- ☐ Do you have an appetite for moderate financial risk in exchange for higher control?
- ☐ Are you comfortable partnering with others in a group setting?
- ☐ Do you want to offer better, more flexible benefits to employees?

If you answered "yes" to most of these questions, a group captive may be a strong fit for your organization.



Getting Started + What to Expect



1.

Conduct a Feasibility Study

A feasibility study evaluates whether a captive makes sense for your organization. It typically includes:

- ◆ 3–5 years of claims data review
- ◆ Comparative modeling (captive vs. traditional plans)
- ◆ Analysis of group compatibility and stop-loss options
- ◆ Legal and compliance review (ERISA, ACA, etc.)

2.

Join the Captive

- ◆ Select a captive with strong governance and underwriting discipline
- ◆ Sign member agreements and begin onboarding

3.

Launch Operations

- ◆ Fund your plan and participate in governance
- ◆ Engage with other members, share best practices, and start using your claims data to make smarter decisions

Gather the Following for a Feasibility Study

- Employee census with names, DOBs, ZIPs, coverage levels
- 3-5 years of claims experience (medical + Rx)
- Current and renewal premium rates, plan design details
- Stop-loss policy details (deductible, contract type, laser info)
- Advisor contact and fee structure





WHAT TO EXPECT

Year 1: Stabilization

- ◆ Learn the captive model and establish internal oversight
- ◆ Monitor claims, identify early trends, and adjust as needed
- ◆ Educate stakeholders and build confidence in the new model



KEY GOAL

Set the foundation for long-term performance

Years 2-3: Optimization

- ◆ Use claims data to launch targeted programs (e.g., diabetes or pharmacy management)
- ◆ Share best practices with other members
- ◆ Reevaluate plan design and vendor strategy based on real results



KEY GOAL

Realize tangible improvements in cost trend and health outcomes

Years 4-5: Strategic Maturity

- ◆ Validate return on investment
- ◆ Help grow or enhance the captive through new members or services
- ◆ Treat the captive as an integrated part of enterprise strategy



KEY GOAL

Operate a self-sustaining, strategic benefit platform

Final Thoughts



Conduct a Self-Assessment

Begin with a candid self-assessment by asking critical questions within your leadership team.

- ◆ Does our current benefits cost trajectory threaten our business goals?
- ◆ Are we willing to commit to a multi-year strategy and accept some risk?
- ◆ Do we have the scale to make it work? If not, can we attain scale through a group?
- ◆ How does a captive align with our company's culture and expertise?

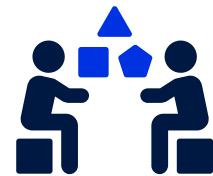
Anticipate and Overcome Challenges

An employee benefits captive offers a strategic way to managing rising healthcare costs, leading to valuable savings, but even well-planned captive programs face challenges.

Anticipate the hurdles so you can overcome them at each stage of the journey.



Overcommunicate and set realistic expectations



Lean on experienced advisors and the captive's resources



Choose a well-managed group captive with expert support



Focus on long-term trends, not one-year results

If you're prepared to invest in your workforce's well-being and involve them in cost-saving initiatives, a captive may be worth a look. However, if you find major red flags, you may need to address those issues first or reconsider whether now is the right time.

Don't Go It Alone

Captives are complex, so surround yourself with the right team. Your broker, captive manager, actuary, and legal advisors should be steeped in benefits captive experience.

Be Curious

Ask questions. Learn how claims are tracked, how members are vetted, and how decisions are made. Engage with the data and participate in peer discussions. Captives work best when members are involved.

Ask for References — and Call Them

Talk to current members. What made them join? What challenges did they face? What results have they seen? Peer validation is one of the best ways to build trust in the model.

The next steps are in your hands. With careful planning and execution, your organization could be among those leading the way to a more innovative, more self-sufficient approach to employee benefits.

“Employee benefit captives represent a deliberate and forward-thinking approach to managing healthcare costs. For organizations prepared to take ownership of their risk, captives offer financial stability and a platform for greater transparency, control, and long-term value. It’s a model well suited for employers committed to strategic leadership in their benefits program.”

Geoff Christian, MBA, CWCC
Executive Vice President
Employee Benefits Captive Leader

How a Knowledgeable Advisor Can Help

- ❑ Conduct mid-year plan reviews to flag trends early
- ❑ Provide benchmarking against other captive participants
- ❑ Host quarterly check-ins with key metrics
- ❑ Educate clients on using claims data to adjust plan design
- ❑ Recommend wellness and cost-containment programs
- ❑ Guide selection of PBMs, TPAs, and networks



Connect with us today to experience **Power** through **Partnership.**

Are you ready to challenge the status quo of traditional insurance for your company?

Our team is prepared to guide you through the process of joining a captive. We understand the hurdles you face, and we'll work together to identify what truly matters to your organization. By understanding your company's risk tolerance and commitment to employee well-being, we can design a future where your benefits work for you.

Reach out to us today and discover the benefits of Power through Partnership.