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Avizent Benefit Re: Our Health Benefits Captive Program

Avizent Benefit Re is a group captive program for medical excess stop loss insurance. This innovative program, designed for self-funded employers, covers insurance costs above a minimum retention of $25,000 per claim and provides coverage limits up to $5 million. The program allows small to mid-sized employers to reap the benefits of cost savings provided by a high retention without the high risks associated with such a program. As a group, the captive retains up to $250,000 per claim; however, it provides individual employer retentions as low as $25,000 with competitive aggregate protection to cap their maximum risk.

Avizent's health benefits captive program is designed to help a wide range of employers maximize savings and gain control over premiums for excess insurance. Employers suited for this program include those who have:

- A desire to help their employees improve their health and manage their benefits, thus reduce escalating medical costs;
- 50 employees or more and would like to partially self fund their employee medical benefits with a minimum of $25,000 retention in their health plan;
- A history of good loss experience; and
- Employee programs designed to promote a healthy lifestyle.

Captive Model
Stop Loss Carrier Covers Excess of $250K and >125% of Expected Losses
Captive Layer Covers Excess of $25K up to $250K and Capped at 125% of Captive Expected Losses
Employer Pays the First $25K Capped at 125% of Expected Losses

Avizent Benefit Re is designed to offer more flexibility and freedom. Key aspects of the program include:

- Coverage mandates that are reduced and more flexible.
- Ability for employers to select their own TPA and network.
- All classes of business are covered.
- Coverage is available in all states.

The Avizent Benefit Re program offers several financial advantages to help improve each client's bottom line:

- Mid-sized employers can transition to a partially self-funded plan
  - Self-funded retentions can range from $25,000 to $200,000
- Opportunity to recapture a portion of excess premium
  - Employers who provide wellness programs and reduce losses could not only save on their self funding premiums, but can also receive back up to 70% of their excess premium dollars paid to the captive by way of program dividends.
- Potential for significant cost savings on premiums with minimal risk
  - Competitive rates on both specific and aggregate excess protection with high limits and low attachments
- Stability
  - Policies issued by a large, national A-XV rated insurance carrier
  - Captive is in an approved "Segregated Accounts Company" protected by the Segregated Accounts laws of Bermuda

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Avizent Benefit Re: Our Health Benefits Captive Program (continued)

In a Traditional Insurance model, you pay your premiums and receive no return on your investment. In a Captive Stop Loss Insurance model, you can recapture back a portion of your premium that is left over after you pay expenses and losses.

The Sample Comparison (at right) illustrates that if you have $160,000 in losses, you would get a return premium of $140,000 (287% return on your investment of $75,000).

Traditional vs. Captive Stop Loss Premium – Sample Comparison

For an employer who pays $500,000 in excess premium and has losses of $160,000 in captive layer ($25K to $250K).

Model:	**Traditional Insurance**	**Captive Stop Loss**
Excess Premium	$500,000	$100,000
Captive Premium	$0	$400,000
Captive Expenses	$0	$100,000
Loss Fund	$0	$300,000
Captive Losses	$0	$160,000
Dividend (profit)	$0	$140,000 (employer's ROI)
Collateral (25% of Loss Fund)	$0	$75,000*
ROI	**0%**	**287%**

*employer required to post collateral in the form of a letter of credit or cash.