



EXPLORING INTEREST – MANAGING RISK WITH EMPLOYEE OWNERSHIP GROUP CAPTIVE INSURANCE



Captive Program FAQs

1. What is a Group Captive?

A group captive is an insurance company that is formed by a group of organizations to help insure each other's business risks or health plan. A captive insurance company is an alternative to the traditional insurance market and is managed and owned by its policyholders.

2. What coverages are included in the NCEO Group Captive insurance program?

The NCEO will sponsor two separate traditional group captives. The first will be a group health insurance captive and the second captive will focus on Workers Compensation, General Liability, and Automobile insurance coverages.

3. Why should an ESOP company consider the NCEO Group Captive?

In most cases, employee-owned companies hire, train, communicate, and retain employees better than non-ESOP companies. Many ESOPs are more generous with benefits, more attuned to wellness and safety, while constantly looking for innovative ways to control costs. This leads to stronger cultures, better loss performance, and better than average risk profiles. Joining a NCEO captive allows ESOP companies to partner with their ESOP peers to reduce their annual insurance spend, gain access to Fortune 500 resources, and enhance the value of their ESOP.

4. What are the benefits of the NCEO Group Captive insurance program?

Captives provide a tremendous amount of control and transparency over the insurance process in addition to stabilizing and reducing insurance costs. Companies earn investment income and underwriting profit which is returned to them over time which also reduces insurance expense. Group captives also provide accountability and the sharing of best practices which leads to higher performing ESOP companies.

5. Why did the NCEO choose to sponsor a Group Captive program?

Our mission is to help employee ownership thrive and we believe this program will directly improve the financial health of participating ESOP companies. We also believe that the data collected by each captive will help us perform research beneficial to the ESOP community. Lastly, any economic benefit to the NCEO will allow us to support our mission of helping employee owned companies grow and thrive.

6. What is the profile of an ideal captive candidate?

Ideal captive candidates will have between 50 and 500 employees and/or more than \$25MM in revenue. Candidates with above average demographics, good historical claims experience, and a strong focus on safety, risk management, and employee wellness are ideal. In addition, ideal candidates will exhibit strong corporate leadership that values employees and embraces health and risk management efforts.

7. As an NCEO member, am I required to join both captives?

No, it's an offer. Participating in a group captive may not be a good fit for every company. Some NCEO members may choose to join one, both, or neither of the captives depending on a variety of factors including their size, loss performance, or risk tolerance.