



The VERIS Advantage vs. Captives

We're often asked whether or not the VERIS Consortium is a captive,

Our answer is simple - NO.

However, Benecon has operated a captive for workers' compensation for more than 20 years, so we're no stranger to the captive industry. The risk and reserving structure of workers' compensation claims are suitable for a captive structure as the most efficient form of risk management. WC claims are usually known long before any payment, litigation is typically involved and payments are much longer in time period (stretching years for a single event).

BUT ... beware of extending the captive concept to medical benefits. If you do not have to use a captive you do not want to since captives are far more expensive to operate and have many functions that do not ultimately benefit the members.

How is the VERIS Consortium a better option than a captive arrangement?

- Upfront capitalization is necessary to 'buy-in' to a captive. We avoid that with VERIS.

- Captive managers and regulations make running a captive more expensive from an administrative perspective. **VERIS provides each member professional actuarial, legal, accounting, brokerage and compliance services at a more efficient price point.**
- The captive itself is often the focus of decisions. The contract with the stop loss carrier is key and protects the members. **The employers in VERIS (and their protection) is our focus.**
- Typically the main goal in a captive contract and risk transfer is to protect the captive, not the client. **Each employer plan in VERIS is autonomous; It is individually priced for its own risk and has its own contract.**
- Captive arrangements usually do not have their risk exposure reviewed or rated for financial stability. A stop loss carrier's financial rating is public knowledge. The stop loss carriers (Everest Re, Optum, HMIG) that VERIS uses are rated A+.

- At Benecon, we price the risk and our groups pay prices set by our independent (third party) actuaries - not an insurance company. At the end of the day, a captive is still getting insurance from an insurance company that is priced by insurance company actuaries in the insurance company's interest. This means, employers in captives often have insurance that is designed with contracts and prices protecting the captive and the insurance company first, not the employer. VERIS' focus is in stark contrast, focusing on the best interests of the employer groups. **With VERIS there is no insurance company calling the shots behind the scenes.**
- Captives often withhold data from employer groups making it difficult for the groups to make effective decisions when managing their health insurance plans. Additionally, most captives do not share full program data and experience. **We love sharing our VERIS data and track-record because it's a great story, provides credibility to our message and allows employers to manage their plans effectively** with their VERIS partner consultant.
- Captives often build-in expensive revenue streams for brokers and captive managers under the banner of 'cost containment' measures. These include 'discounts' for choosing these programs. These programs are often based on the savings estimates of the seller. This concept is obvious in the real-life application of making a purchase to validate the 'savings' put forth by the seller. However, captive members often find themselves adding a lot of unnecessary programs they think are reducing premium but there is a PEPM charge on the back-end and no ROI. This happens because the group does not have the staff to validate these claims for themselves (often the captive doesn't either). This is counter to VERIS where each group has its own options to implement any cost containment initiatives, but it is a group by group decision based on that group's risk, financial situation, demographics, geography, etc. to determine what is in the best interest of the group. Further, **VERIS members have the staff to validate these claims for themselves through Benecon's actuaries.** Within VERIS, there are groups using reference based pricing, transplant carve out vendors, direct contracting, drug carve out, tele-medicine, and countless other measures. Each of these options is specifically validated for each group.