

HM Stop Loss Captive Overview – National Market

A Winning Combination

HM Insurance Group (HM) has developed a Stop Loss captive solution as an alternative financial arrangement for employers who self-fund their employee medical benefits.

Working with approved administrators, the HM Stop Loss Captive offers employers the opportunity to share in pooled risk for potential gains in a carrier-managed, cost-efficient program. Employers may join either the 1/1 or 7/1 cohort based on alignment with the timing of their current benefits program.

The HM Stop Loss Captive combines the value of strong provider networks and clinical expertise with a stable, long-term pricing approach and ease of administration.

To help ensure the best outcomes, participants in the HM Stop Loss Captive are required to use an administrator approved by HM Insurance Group. HM values the importance of cultivating relationships that enable the development of consistent, longer-term solutions with more predictable results.

What Do Captives Do?



Captives Pool Risk for employer groups that share in a layer of Stop Loss risk.



Participants Can Share in Profits when positive underwriting results are achieved.



Captives Offer Stable, Long-Term Pricing afforded by reduced claim volatility inherent with larger groups.

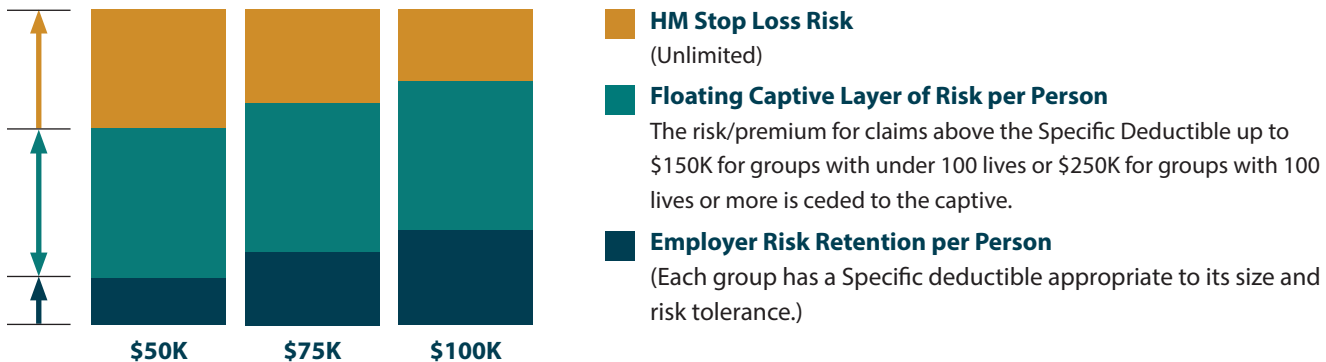
Additional Benefits of the HM Stop Loss Captive		What It Means
Administrator and Network Flexibility	Employers can work with an HM-approved administrator and network that align with their benefit strategy, geography, and workforce dynamics.	Clients have flexibility, while also knowing their choice has been vetted by an experienced carrier.
Underwriting Expertise and No Coverage Gaps	Each group's risk is fairly assessed, and HM's policy mirrors the underlying plan to help reduce any gaps in the Stop Loss insurance coverage.	Confidence that claims will be paid.
Limited Captive Fees	HM works to manage the captive program to help avoid layers of outside, inefficient management fees.	No excessive outside fees charged to the captive.
Ongoing Transparency into Results	Quarterly captive updates provide a lens into ongoing claims experience and complete policy year results.	Knowledge of captive performance upon renewal.
Capped Captive Risk Share	Each participant's captive risk is fully funded with the premium and collateral as specified at the time of quote.	No additional funds requested for unfavorable claim experience.
Incorporation of Cost Containment Strategies	Participants have access to the HMConnects™ cost containment program that incorporates the expertise of seasoned clinicians, cost-containment specialists, and PharmDs to provide knowledge of ways to better control scenarios driving high-dollar medical and pharmaceutical claims, along with access to approved cost containment vendors.	Support in managing the financial impact of catastrophic healthcare costs.

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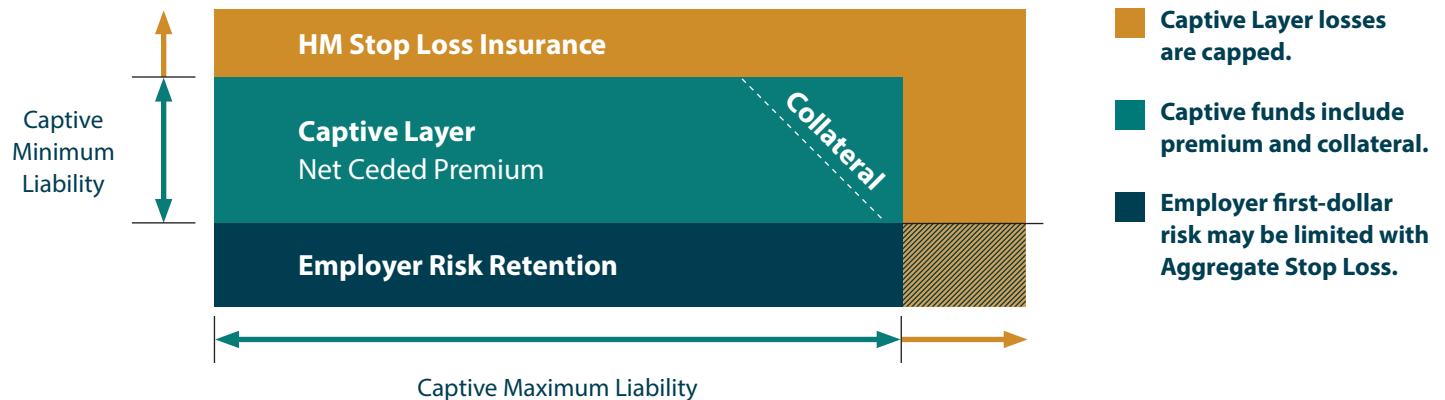
How It Works

HM underwrites a traditional Stop Loss policy for each of the groups participating in the captive. HM then cedes a portion of each group's Specific Stop Loss premium and risk to the HM Stop Loss Captive as specified in the captive participation agreement and corresponding reinsurance agreement. Aggregate Stop Loss risk is not ceded to the captive.

The HM Captive Risk Structure



Employer Risk Limit within the Captive



- In addition to the ceded premium, the Captive Layer of risk includes collateral, which is paid by captive participants to the captive.
- Should captive claims exceed expected claims in the Captive Layer, the collateral will be used to satisfy the deficit.
- Employers benefit when claim experience is favorable.

HM's Responsibility



HM is responsible for claims that exceed the captive's premium and collateral.

No additional funds are required from participants for unfavorable claim experience.

For more information on the HM Stop Loss Captive, reach out to CaptiveRegOff@hmig.com.



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Coverage is underwritten by HM Life Insurance Company, Pittsburgh, PA, in all states except New York under policy form series HMP-SL (08/19) or HMP-SL (06/20) or similar. In New York, coverage is underwritten by HM Life Insurance Company of New York, New York, NY, under policy form series HMP-SL (06/20) or similar. The coverage requested may not be available in all states and is subject to individual state approval.