

## AT A GLANCE

# Berkley Captive Impact Study

Berkley Accident and Health conducts ongoing studies of its Group Captive programs, examining data from all of our programs — representing over 1,100 members in 49 states with nearly 250,000 covered employees. In 2025, the study revealed that the majority of employers in Berkley's programs saw a financial benefit — better claims experience, overall savings, and long-term results.

## HIGHLIGHTING RESULTS

### Lower first-dollar costs

Members are responsible for their first-dollar health claims (Figure 1, green layer) - those smaller, more predictable claims that make up the bulk of their health care spend.



**8%**

On average, **members had 8% lower first-dollar claims** than expected<sup>1</sup> (five-year period ending 10/1/23).

### Shared savings from good risk management

Members band together to share their midsize claims (Figure 1, blue layer), in order to reduce their financial peaks and valleys over time.

Imagine a shared bank account, where everyone puts money in and then some is taken out when a claim occurs. In good years, members will receive any unused funds back from the captive. In bad years, members will not receive funds back, but they know their costs will be capped at a maximum liability amount.



**8.4%**

**Captive ceded premiums available for return to members** on average (2009-2023).

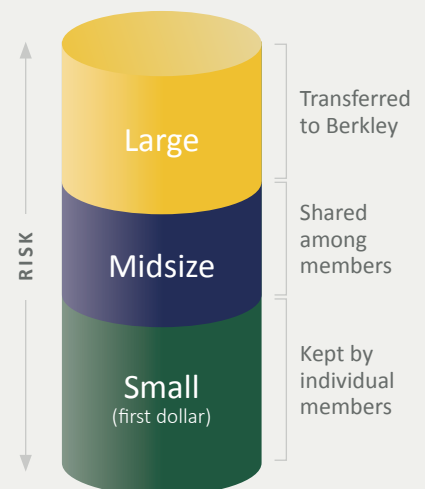


## How does a group captive compare to a traditional health plan?

With a traditional, fully insured plan, all the risk is transferred to the insurer. With a totally self-funded plan, the employer owns all the financial risk. A group captive, however, lets employers only pay for the insurance they need, while still limiting their financial exposure.

FIGURE 1

### \$ CLAIMS



## Financial Impact<sup>2</sup>

Each year, Berkley's Group Captive programs operate using two sources of funds – monthly ceded Stop Loss premiums and a one-time cash payment, or collateral. Whenever members receive a refund of unused premium funds, they also get their collateral back – magnifying the financial impact even more.

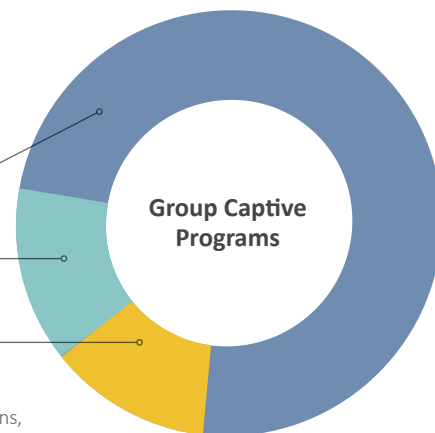
**\$100 million**

*in ceded premium surplus returned or made available to programs (2009-2023)*

**78%** of programs *exceed financial expectations.*

**11%** of programs *meet financial expectations.*

**11%** of programs *did not meet or exceed financial expectations.*



\* When a program does not meet the financial expectations, members' costs are capped at a maximum liability



## More predictable Stop Loss renewals

Members enjoy Stop Loss renewal increases that are lower than industry standards:

**10.7%** average gross *Specific Stop Loss renewal increase* (2021-2025).

**6.6%** average *renewal increase for gross Aggregate Stop Loss factors* (2020-2025).

Members in Berkley's group captive programs enjoyed a lower incidence of high-dollar claims than our regular (non-captive) Stop Loss policyholders.

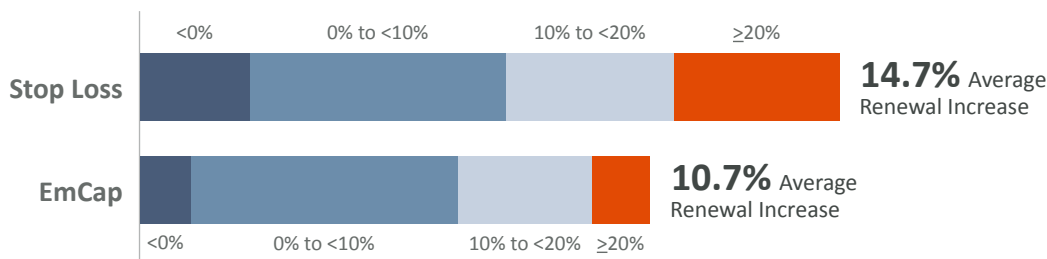
**90%** of captive members *stay with EmCap*<sup>3</sup>

**10%** *lower incidence of \$250,000+ claims* per 10,000 employees (2015-2023).



## Lower Stop Loss rate volatility<sup>4</sup>

Average rate increases for *EmCap members are lower and less volatile*



Group captive programs give employers the opportunity to share in the savings that good health risk management brings. They aren't right for every employer, but are a good choice for employers who want health care costs that reflect the health of their employee population. **To learn more about our portfolio of EmCap programs, contact your Berkley Accident and Health representative.**

<sup>1</sup> Expected first-dollar claims for similar employer demographics, including employee size and demographics, zip code, and other factors.

<sup>2</sup> Based on ceded layer loss ratios of active programs from 1/1/14-9/30/24 with at least 3 years of experience. Those that outperformed financial expectations had loss ratios of 98% or lower; those that met had loss ratios between 98.1% and 101.9%; and those that underperformed had loss ratios of 102% or higher.

<sup>3</sup> Three-year average, 2022-2025, based on active programs as of 1/1/25.

<sup>4</sup> Specific Stop Loss renewal increases for policyholders in an EmCap program vs. those not in an EmCap program, from 1/1/21 to 1/1/25. Past performance is not indicative of future performance. Each Stop Loss policyholder renewal is rated on the experience of the individual policyholder, utilizing the company's filed and approved rates.

Study results for Berkley Accident and Health's entire block of business. Individual results may vary.

Stop Loss is underwritten by Berkley Life and Health Insurance Company and/or StarNet Insurance Company, both member companies of W. R. Berkley Corporation and rated A+ (Superior) by A.M. Best, and involves the formation of a group captive insurance program that involves other employers and requires other legal entities. Berkley and its affiliates do not provide tax, legal, or regulatory advice concerning EmCap. You should seek appropriate tax, legal, regulatory, or other counsel regarding the EmCap program, including, but not limited to, counsel in the areas of ERISA, multiple employer welfare arrangements (MEWAs), taxation, and captives. EmCap is not available to all employers and may not be available in all states. Payment of claims under any insurance policy issued shall only be made in full compliance with all United States economic or trade and sanction laws or regulation, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").