



**A Captive Insurance Company
Created by and for
Connecticut Towns and Schools**

Presentation to the Government Finance Officers Association of Connecticut
Spring Program April 18, 2019

What is CT PRIME?

- An association sponsored, non-profit, non-stock specialty insurance company – a “captive” – fully regulated by the CT Department of Insurance
- Comprised of “members,” based on by-laws created by a working group of towns and schools, and all with equal voting power
- First municipal captive in Connecticut governed by a member-elected Board of Directors
- Managed by a team of experienced insurance professionals, under the day-to-day oversight of CREC, as a contracted service provider to the CT PRIME Board

Options for municipal health insurance in CT

1. **Fully-insured plans** – health carriers provide complete insurance coverage from the first dollar
2. **Connecticut Partnership Plan 2.0** –municipalities are allowed to join the state’s medical plans
3. **Self-insured plans** – towns self-insure up to a individual stop loss limit with the carrier also providing stop loss coverage
4. **CT PRIME** – the captive provides medical stop loss insurance above individual ISL limits, pools the middle layer up to \$500,000 per claim and buys reinsurance for claims above \$500,000

Goals of CT PRIME

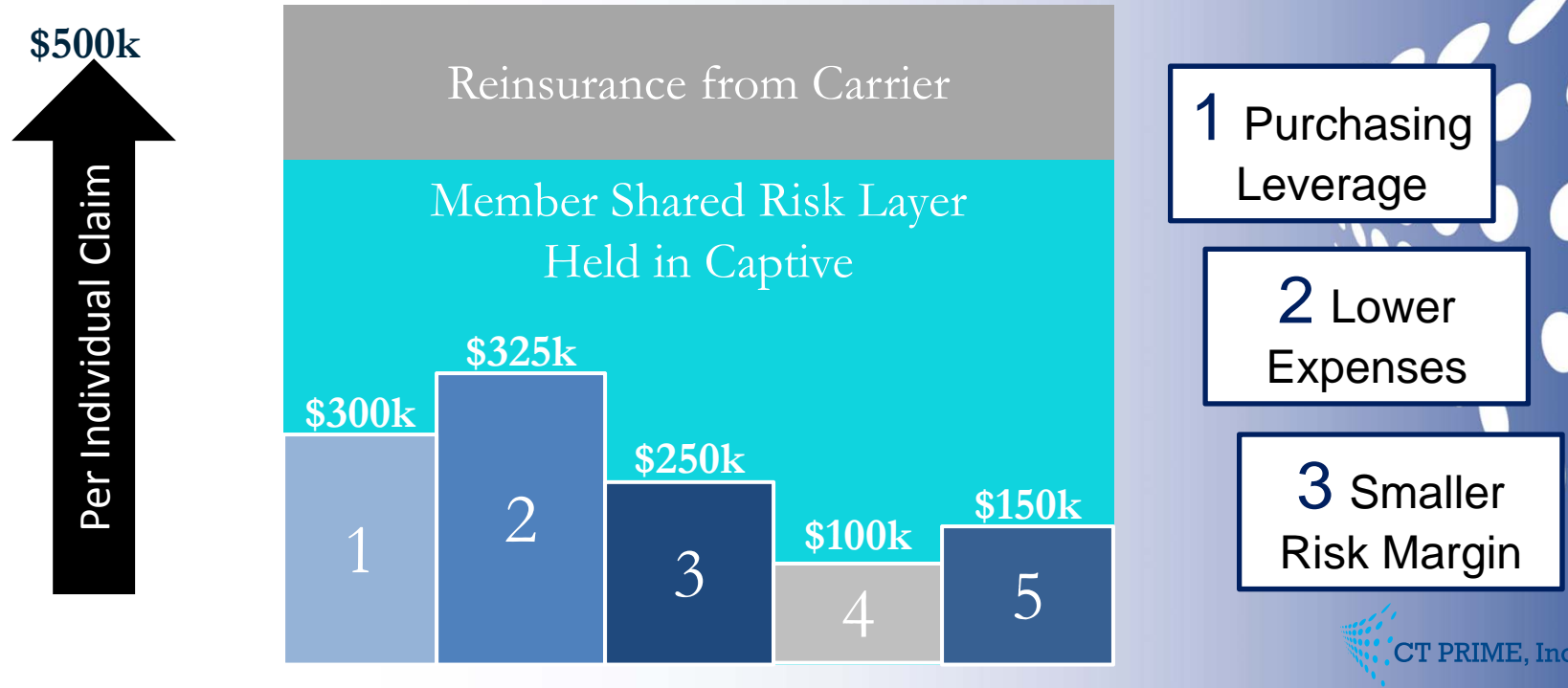
- To stabilize cost and coverage terms for stop loss insurance of self-insured municipal and school employee benefit plans
- To assist members in ensuring that health insurance administrators accurately administer benefit plans (CT PRIME has found errors costing towns \$\$\$)
- To collaborate to develop long term benefit-cost control strategies
- To explore ways to reduce health care costs and keep employees healthy
 - Offers Employee Assistance Plans through Deer Oaks
 - RFP for medical claims and dependent eligibility audits
 - Exploring Medicare Advantage plan which provides relief from OPEB and GASB responsibilities for those members who pay all or a significant portion of their 65+ retirees' medical premiums.

Purpose and Objectives

Launch captive structure as foundation for additional collaborative efforts in the future:

- Through growth in stop loss participants
- Through the addition of new captive cells

Three Sources of Stability and Cost Savings Through CT Prime Stop Loss



Captive Members

CT Prime stop loss captive launched on July 1, 2016 with a critical mass of “homogeneous” risks

- Cheshire, Town of and Board of Education (BOE)
- CREC
- Enfield, Town of and BOE
- Glastonbury, Town of and BOE
- Granby, Town of and BOE
- Manchester, Town of
- Simsbury, Town of and BOE
- South Windsor, Town of and BOE
- Suffield BOE
- Wethersfield, Town of and BOE
- Windsor, Town of
- Windsor Locks, Town of

Key Facts

- CT PRIME has historically beat industry stop loss trend
- Carrier retention percentages included in the pricing for traditional stop loss policies are between 32-36% compared to 26-30% for stop loss captives
- Spreading risk over a larger pool helps to insulate individual organizations from medical leverage trend

Key Facts

- 2016 - members paid premiums an average of 5% *below* expiring 2015 premiums
- 2017- members raised ISL by \$25,000 and paid premiums at expiring 2015 rate; 8% supplemental assessment for severe unanticipated claims (ex. Transplants, premature births, immunodeficiency)
- 2018 - members paid 11.7 % increase
- 2019-2020 – CT PRIME going out to market to ensure the best financial rate and policy terms

CT Prime has "Saved" its Members Money

	2016-17	2017-18	2018-19	2019-20 projected at +20% average rate
\$1,000,000 premium in Commercial market	\$1,150,000	\$1,380,000	\$1,656,000	\$1,987,200
\$1,000,000 premium in CT Prime	\$950,000	\$997,500	\$1,114,208	\$1,337,050

↑
Increased SIR's
\$25,000

↑
Supplemental
Payments

What is the future for captives in Connecticut?

- **CT PRIME, Inc.** – first municipal captive in CT established in 2016
- **Connecticut Foundation Solutions Indemnity Company, Inc. (“CFSIC”)** - chartered and licensed as a captive insurer in 2019 to assist the State of Connecticut with the fair and equitable adjustment of homeowner claims resulting from the pyrrhotite-affected home foundations natural disaster. The State of Connecticut allocated \$5 million to reimburse homeowners for the cost of testing their concrete foundation.
- **Special Education Model Task Force Cooperative Model** – Task force established by the Connecticut Legislature in 2018 to analyze the potential to establish a captive insurance company to finance special education costs in Connecticut.



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