



"I THINK, I KNOW, I BELIEVE
OUR CAPTIVE IS RUNNING SMOOTHLY,
I THINK..."

“How To Get The Most From Your RRG Or Captive”

A Different Approach to Medical Professional Risk

The Focus of this report will be the following:

- Medical Malpractice Risk
- Cost of risk to the Insured/Self Insured
- Balance Sheet (Risk Funding/Risk Volatility)

Today, many hospitals/hospital systems are forced to retain significant risk which is mandated by the commercial insurance market. This exposes the facility's balance sheet to high levels of loss volatility.

We'll show you how to tighten the screws and maximize your already successful captive.

1. How to create a reinsurance "pricing arbitrage" that will allow your captive or RRG to supercharge funding within your net retention

- Actuaries sets funding for alternative risk structures (ie captives, RRG's, and self insured trusts) for each million dollars of self insured retention
- We identify layers where the reinsurance pricing is lower than the recommended funding
- Most reinsurance placements are on an "excess of loss basis" meaning the client is left retaining a smaller limit with a higher concentration of funding, effectively supercharging their net retention

2. How to allow your captive or RRG to continue to build capital and profit while reducing risk volatility through a "reinsurance hedge"

- One of the advantages of alternative risk structures is the ability to grow assets and segregate those assets from the financial statements of the sponsoring entity
- A carefully constructed reinsurance program will hedge the alternative risk structure against potential loss volatility which can significantly impair those assets

3. How to incorporate clash/catastrophic protection to dramatically reduce volatility to your captive or RRG

- There is a growing trend in litigation against healthcare providers for clash or "batch" claims. These are claims where multiple patients may have been injured through a common route cause.
- Multiple patient injuries resulting from a common route cause may expose the alternative risk structure to a high number of separate retention's
- Many excess insurance policies treat each patient injury as a separate medical incident
- It is critical for any facility that utilizes an alternative risk structure to define medical incidents and related patient injuries as a single retention on the batch of claims

4. How to provide the best counter party reinsurance support for your captive or RRG program

- When dealing with medical malpractice, it is critical to work with financially stable reinsurers because of the "long tail" nature of hospital professional liability (HPL)
- The highly rated reinsurance companies that we work with are HPL specialists - they have underwriting expertise, a strong track record, and have demonstrated longevity in the business
- Target reinsurers maintain significant balance sheets (generally greater than \$500M in surplus)

5. How to improve the balance between net retained limit and actuarial loss funding.

- Many medical facilities have been forced to retain significant self insured retention's by virtue of the excess insurance marketplace
- Often these forced retention's create significant imbalance between their recommended actuarial funding and their retained limit
- These imbalances often create a strain on their balance sheet in the event of a significant loss volatility
- A carefully constructed reinsurance program will reduce loss volatility through achieving a balance between retained limit and loss funding 1. How to create a reinsurance "pricing arbitrage" that will allow your captive or RRG to supercharge funding within your net retention
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For more on how to tweak your captive, RRG or Trust to get the maximum value call us at 800-347-3417 and ask for Michael Bernal-Silva.



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