



Group Medical Captive Proposal

Employer: ABC Company

Advisor: XYZ Company

Regional Practice Leader: Ryan Audin

Client Manager: Jennifer Trudel

Underwriter: Sydney Hites

Proposal #: 12345

Specific Deductible: \$75,000

Coverage Period: 10/1/2025 - 9/30/2026

Claims Administrator: Bywater

Network: Cigna

PBM: Serve You Rx





You Deserve Better

Employers are facing unsustainable cost increases

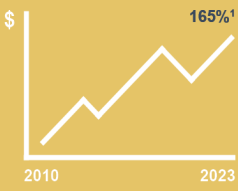
Employers aren't just paying more. Their employees are, too.

Healthcare has become a top expense...

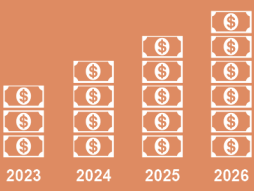
TOP 3 BUSINESS EXPENSES

- 1) Payroll
- 2) Healthcare Benefits
- 3) Overhead and Operations

...has been steadily increasing...



...and is projected to **DOUBLE** in 4 years!²



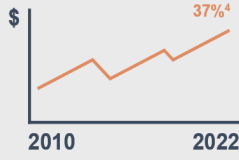
What most employers get for paying more:

LESS SATISFACTION

Most employees are unhappy with healthcare benefits

Employees are paying more.

PREMIUMS




DEDUCTIBLES

- 1 Average: **\$3,800**³
- 2 37% **can't afford** a \$400 **unexpected** expense⁴


Employees are not happy.

- 1 Employee contributions for family coverage **increased 44% over the past decade**⁵
- 2 **Disconnect** between cost and quality
- 3 **No simple way** to find best doctors and hospitals
- 4 System **impossible** to navigate

“My benefits make me more likely to stay.”



HIGHLY SATISFIED EMPLOYEES
81% say they'll stay




ALL EMPLOYEES
43% say they'll stay

2x

Approximate retention rate when employees are highly satisfied with their healthcare benefits


What's stopping us from changing this?

Employers feel they CAN'T change:



Employers face barriers to change due to perceived complexity, lack of comparative data, short-term priorities, and limited negotiating power for mid-sized firms.

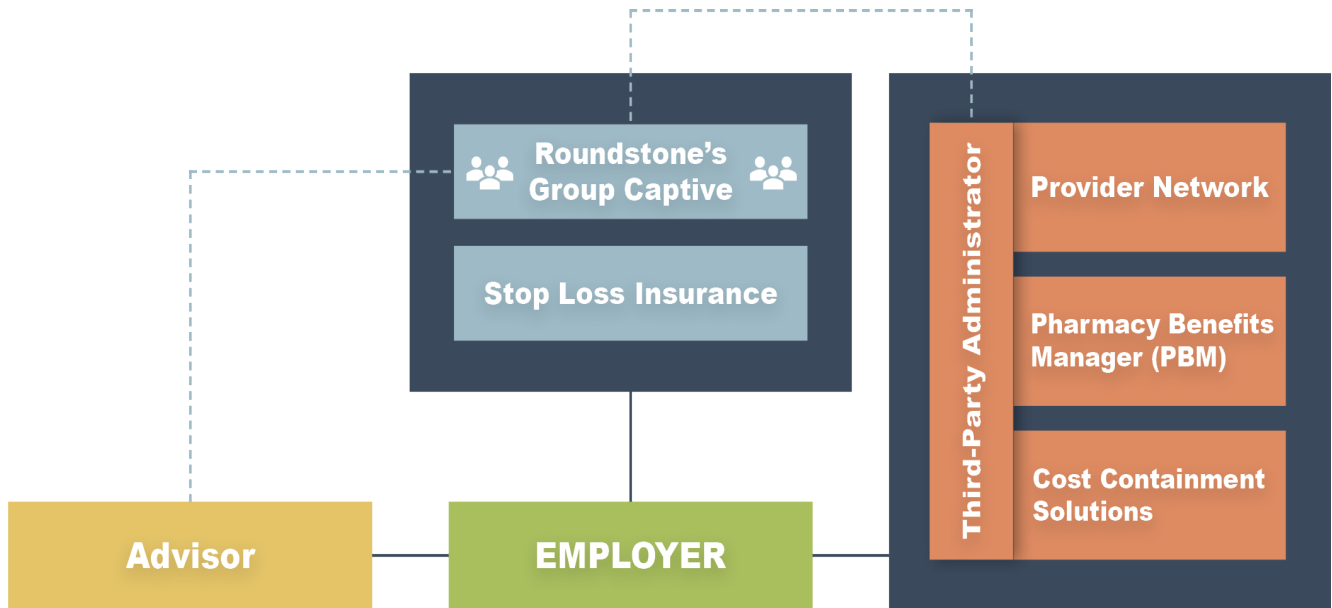
System doesn't want to change:



The system is hindered due to profit-driven incentives favoring increased healthcare spending, a deliberate lack of transparency, and lack of employer advocacy.



Who's Who?



You're in Control

When you choose to work with Roundstone, you pay for everything you need and nothing you don't. While fully funded insurance companies offer you a pre-packaged bundle, we give you the control to offer the benefits that you and your employees deserve. This way, you control who your partners are rather than relying on someone that doesn't know your business.

Why Control Matters:

- Work with the Third-Party Administrator, Pharmacy Benefit Manager, and Network that you prefer, all guided by Roundstone to ensure they will help to deliver quality outcomes.
- Employers can work with our team to make informed decisions based on their unique employee population, helping to cut overall costs.

HOW ROUNDSTONE HELPS:

Roundstone doesn't mandate any additional solutions. Everything is tailored to you.

We grow with you: if your needs change, you have the ability to adapt your plan to your needs.



The Solution

You get complete transparency



Data & Analytics
Info and insights to make better decisions and optimize plan utilization.



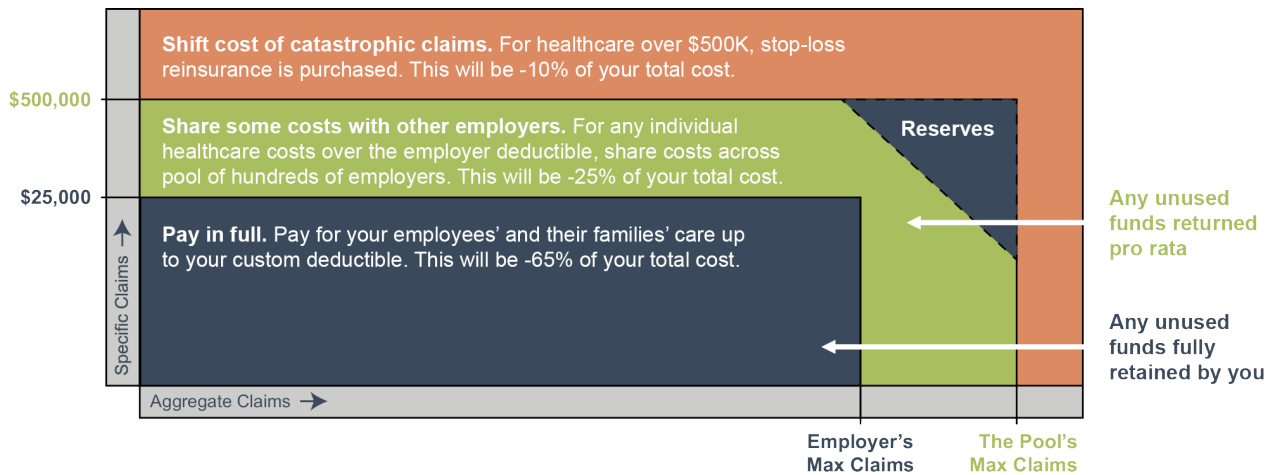
Cost-Savings Investigators
Experts who work with you to provide personalized recommendations.



Cost Containment Solutions
The most effective and fully vetted cost containment solutions on the market.

Understanding the economics

Your new plan will have 3 cost buckets: healthcare costs paid by you, healthcare costs shared with other employers, and healthcare costs shifted to a stop-loss carrier.



You save money in 3 ways...

Employers only pay for the healthcare they use!

- 1 Claims Account:** Employers only pay for the healthcare they use. All savings from the claims account stay with them.
- 2 Distribution:** Unused premium from employers' pooled captive funds are returned annually to employer clients on a pro rata basis.
- 3 Pharmacy Rebates:** Transparent and pass-through PBMs send 100% of rebates and pharmacy savings back to employers.



OUR GUARANTEE TO YOU

We guarantee that you will save money in the first 5 years or we'll make up the difference.



When you join with other Roundstone captive participants, you're joining other mid-market employers just like you who want to be in the driver's seat when it comes to controlling their health insurance spend. Current captive participants in the Insight pool have **saved over \$84.7M since joining Roundstone**. You're in good company in the Insight pool — learn more below.

NUMBER OF EMPLOYERS

654

TOTAL EMPLOYER GROUPS IN POOL

TOP 5 INDUSTRIES IN CAPTIVE

1. Manufacturing
2. Retail
3. Construction
4. Health Services
5. Business Services

NUMBER OF LIVES IN POOL

117,736

TOTAL MEMBERS



JOIN US IN DALLAS, TX

**Medical Captive
Forum 2026**

Discover a Better Way Forward in Healthcare.

AVERAGE DISTRIBUTION

\$8.63M

OVER THE LAST 5 YEARS



Proposal Summary

Proposal Summary	
Contract Basis	12/12 TLO
Effective Date	October 1, 2025
Renewal Date	October 1, 2026 (Renewal Contract 24/12)
Enrollment	103 Enrolled

Average, Projected and Maximum Costs

It is unlikely the maximum cost will be your actual cost because 100% of your claim funding is variable. Your projected cost is a better expectation of your healthcare spend because most of the variable costs will be less than the worst case scenario. In fact, an average Roundstone captive participant **spends 3% less than the projected cost** indicated in their proposal. Less than 1% of groups have ever spent their maximum cost.

	Roundstone	Renewal
Premium Equivalent	\$764,776	\$900,723
Scenarios		
Annual Average Cost	\$741,833	-18%
Annual Projected Cost	\$764,776	-15%
Annual Maximum Cost	\$891,573	-1%

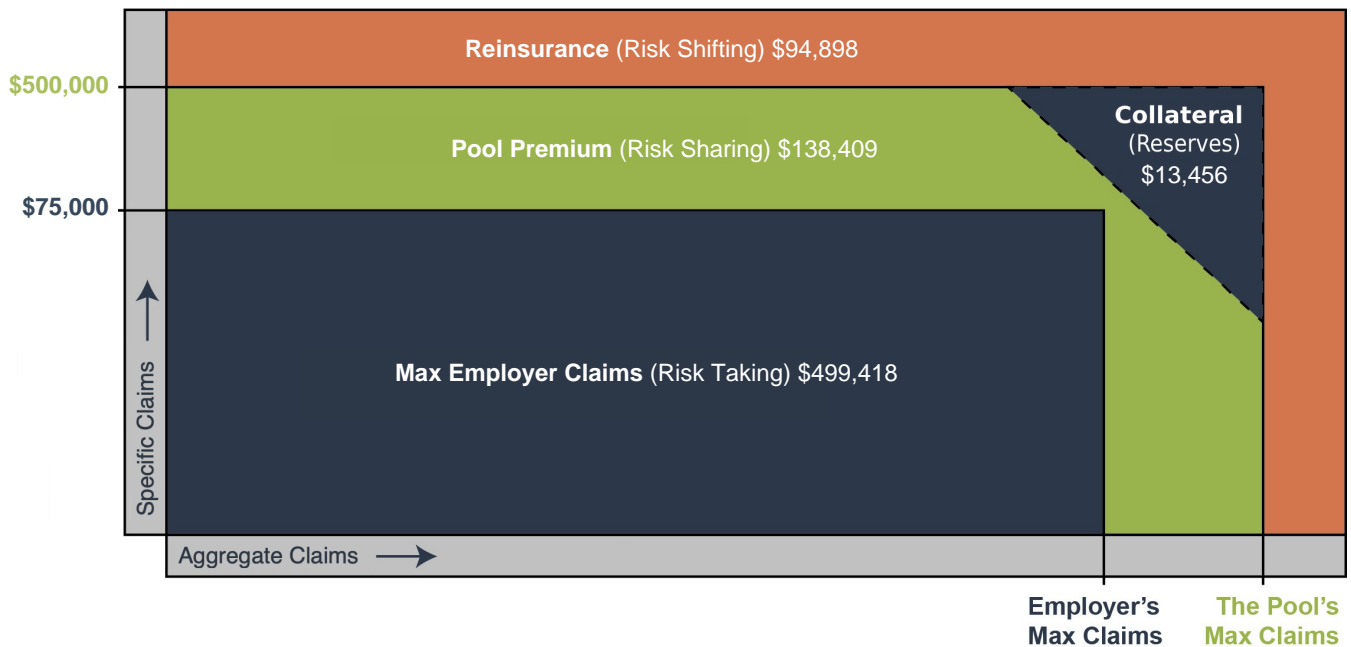
Annual Cost Summary

	Roundstone
Administrative	\$145,391
Specific Premium	\$222,455
Aggregate Premium	\$10,852
Projected Max Employer Claims	\$499,418



Volatility Protection

The chart below outlines risk allocation between your risk taking, risk sharing, and risk shifting layers of coverage. A claim passes from your sole responsibility (risk taking), into the captive's shared responsibility (risk sharing), and finally to the reinsurer's responsibility (risk shifting), dependent upon each claim's dollar amount. The accumulation or aggregate of claims under your Specific Deductible accrue toward the Maximum Employer Claims, after which claims then are reinsured by the captive.



Cost Projection

Below is the breakdown of your costs in each layer at both projected and maximum levels. The totals equal the Annual Projected Costs and Annual Maximum Costs on page 5.

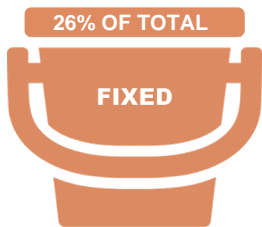
	Projected	Maximum
Risk Taking	\$399,535	\$499,418
Risk Sharing	\$124,953	\$138,409
Collateral (Reserves)	\$0	\$13,456
Risk Shifting	\$94,898	\$94,898
Administrative Costs	\$145,391	\$145,391
TOTAL	\$764,776	\$891,573



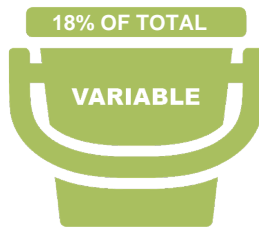
Variable Costs = Savings

One strength Roundstone’s group medical captive program delivers is enhanced variable cost funding. This allows for a greater return on savings over the long-term. All unused funds in the employer claims account are retained by the employer. Unused funds in the risk-sharing pool are also returned to each participating employer on a pro rata basis. The remaining 26% of costs are fixed — **a stark contrast from 100% fixed costs with traditional health insurance companies.**

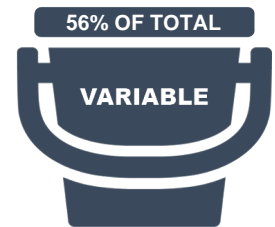
- 1. Reinsurance/Stop Loss: \$94,898
- 2. Administrative Costs
 - a. TPA Fees: \$65,051
 - b. Consultant Fees: \$80,340



- 1. Pool Premium: \$124,953
- 2. Collateral: \$0



- 1. Employer Claims Account: \$399,535



Fixed vs. Variable Costs

Fixed Costs	Projected	Maximum	% of Maximum
Reinsurance	\$94,898	\$94,898	11%
Administrative	\$145,391	\$145,391	15%
TOTAL FIXED	\$240,289	\$240,289	26%

Variable Costs	Projected	Maximum	% of Maximum
Employer's Net Max Claims	\$399,535	\$499,418	56%
Pooled Premium	\$124,953	\$138,409	16%
Collateral (Reserves)	\$0	\$13,456	2%
TOTAL VARIABLE	\$524,487	\$651,284	74%
TOTAL COSTS*	\$764,776	\$891,573	100%

*Over the past 10 years, less than 1% of our groups have hit the maximum.



Detailed Plan Costs

Specific Deductible		\$75,000	\$75,000	\$75,000
Specific/Individual Coverage	Enrollment	Contract	Annualized	PEPM
Specific Contract Premium	103	\$222,455	\$222,455	\$179.98
Collateral (Reserves)		\$13,456	\$13,456	\$10.89
Aggregate Coverage	Enrollment	Contract	Annualized	PEPM
Aggregate Contract Premium	103	\$10,852	\$10,852	\$8.78
Max Employer Claims	103	\$499,418	\$499,418	\$404.06
Plan Costs	Enrollment	Contract	Annualized	PEPM
Estimated TPA Fees	103	\$65,051	\$65,051	\$52.63
Consultant Fee	103	\$80,340	\$80,340	\$65.00

Certain non-stop loss related costs are estimated based on the data provided. Employer's TPA or consultant can confirm or update these costs.

Summary	Contract	Annual
Stop Loss Premium	\$233,307	\$233,307
Max Employer Claims	\$499,418	\$499,418
Plan Costs	\$145,391	\$145,391
Maximum Cost	\$891,573	\$891,573
PROJECTED COST	\$764,776	\$764,776
PROJECTED PEPM	\$618.75	\$618.75



Plan Design

Specific Deductible \$75,000

These Illustrative Rates are for budgeting purposes only. These Premium Equivalent rates are comprised of estimated claims, administrative cost, and broker compensation and will never appear as bundled rates on an invoice.

	PPO 1000		HSA 3300	
	In Network	Out of Network	In Network	Out of Network
Deductible	\$1,000	\$2,000	\$3,300	\$6,600
Coinsurance	80%	60%	80%	60%
Out-of-Pocket Max	\$5,000	\$10,000	\$6,600	\$13,200
Drug				
Generic	\$10		SAAO	
Formulary	\$30		SAAO	
Non-Formulary	\$50		SAAO	

*SAAO = Same As Any Other

Optional Tiered Breakdown

Current Enrollment	PPO 1000	HSA 3300
Single	47	39
Employee + Spouse	5	0
Employee + Child	2	0
Employee + Family	10	0
TOTAL ENROLLMENT = 103		
Projected Annual Costs	PPO 1000	HSA 3300
Single	\$545.61	\$456.34
Employee + Spouse	\$1,147.54	\$959.34
Employee + Child	\$963.76	\$805.67
Employee + Family	\$1,262.52	\$1,054.41
TOTAL PROJECTED ANNUAL COSTS = \$764,776		
Midpoint (between Projected and Maximum)	PPO 1000	HSA 3300
Single	\$586.04	\$490.16
Employee + Spouse	\$1,232.58	\$1,030.43
Employee + Child	\$1,035.17	\$865.37
Employee + Family	\$1,356.07	\$1,132.54
MIDPOINT = \$821,446		
Maximum Annual Costs	PPO 1000	HSA 3300
Single	\$626.46	\$523.97
Employee + Spouse	\$1,317.61	\$1,101.52
Employee + Child	\$1,106.59	\$925.08
Employee + Family	\$1,449.63	\$1,210.67
TOTAL MAXIMUM ANNUAL COSTS = \$878,116		

*Collateral is not included



Terminal Liability Options

This Proposal includes Specific and Aggregate Terminal Liability Options, subject to the terms and conditions set forth in the Policy. These options provide run-out coverage for covered expenses incurred prior to the Policy termination date and paid within 90 days after the Policy termination date. These options are void under early Policy termination or moving to another self-funded arrangement. Option election must occur at least 60 days prior to the end of the Policy contract period.

Specific Terminal Liability Option:

Provides 90 days of run-out on Specific Stop Loss Coverage. In consideration for the Specific Terminal Liability Option, the group will be required to pay additional specific premium of \$32,467 (\$75,000 specific deductible) upon option election, in accordance with the terms of the Policy.

Aggregate Terminal Liability Option:

Provides 90 days of run-out on Aggregate Stop Loss Coverage. Aggregate factors for the run-out period will be the quoted aggregate factors multiplied by a completion factor of 1.25 retroactive to the effective date. In consideration for the Aggregate Terminal Liability Option, the group will be required to pay additional aggregate premium of \$5,000.

Proposal Qualifications, Assumptions & Conditions

Rates and Factors in this Proposal are subject to the following qualifications, assumptions and conditions.

Qualifications

- The terms of this offer are tentative and based on the information and data provided to Roundstone Management, Ltd. This offer is subject to change upon receipt and review of additional information requested. All required information must be received by us within the time period indicated, otherwise we reserve the right to withdraw terms and return any premiums remitted.
- The terms of this offer are subject to revision if there is a change in the Policy period or plan benefits.
- Final rates and factors will be determined upon receipt of the final census that provides plan selection and coverage type.
- The Actively-at-Work provision applies and will only be waived upon receipt and approval of the Plan Sponsor Disclosure Form.
- Specific coverage includes Advanced Funding courtesy, which assists policyholders with funding of eligible catastrophic specific excess loss claims by expediting the reimbursement process.
- State implemented surcharges, pool charges and/or covered lives assessments may not be covered under the Policy.
- The Plan Costs (TPA/PBM fees and Consultant fees) in this proposal are estimates based on a default set of services. Therefore, your total costs may vary based on your specific TPA and PBM set of services and associated fees and/or credits including but not limited to claims editing and RX Rebates.
- Maximum Costs includes Specific and Aggregate Stop Loss Premium, Plan Costs(TPA/PBM and Consultant fee), Maximum Employer Claims (Aggregate paid claims prior to deduction for Rx rebates, provider refunds, subrogation amounts, and extra contractual claims), and Collateral. Note that all are subject to change with change in enrollment.
- Any (1) Rx rebates earned (regardless of receipt or rebate credit model) or (2) Provider refunds, subrogation amounts, and extra contractual claims shall be netted against the calculated aggregate loss.
- The TPA allows up to 2 plan designs. Additional plan designs could incur additional charges. Please contact your TPA for final pricing on additional plan designs.

Assumptions

This Proposal is made subject to the following assumptions which are incorporated as terms of this Proposal:

- This Proposal is based upon the plan benefits identified in this Proposal.
- Commissions are not included in the stop loss premium.
- Minimum participation is 50% of eligible employees, excluding valid waivers.
- Plan engagement of an approved third-party claims administrator.
- Plan must have pre-certification, utilization review and large case management.
- Utilization of Cigna Network(s) and Serve You Rx Pharmacy Benefit Manager.
- Typographical errors or omissions in this Proposal are not binding and, in such instance, a revised Proposal will be issued to correct.
- Certain non-stop loss related costs are estimated based on the data provided. Employer's TPA or consultant can confirm or update these costs.
- The issue date of this proposal is 10/1/2025 and will be valid through 9/30/2026.
- Contract basis for aggregate and specific 12/12 TLO.
- Lines of coverage for aggregate Medical, RX Card.
- This quote uses an aggregate attachment corridor of 125%.
- Lines of coverage for specific Medical, RX Card.
- Maximum Annual Reimbursement: Aggregate=\$1,000,000/Specific=Unlimited.
- Carrier: A.M. Best A rated carrier class XV
- Retirees are not included.
- This proposal assumes the implementation of Bywater's standard plan document.



Conditions

Policy coverage is contingent upon our receipt of all required items specified in both the Binding Kit package and the Binding Process Next Steps document. This includes payment of first month's premium (which is based upon the enrollment figures in this proposal) and collateral. Roundstone reserves the right to withdraw this proposal upon the failure to execute and remit all required items within 90 days of the policy effective date. If not bound after 90 days, Roundstone will continue attempts to bind the proposal at its discretion. Examples in this section include, but not limited to:

Roundstone understands that certain states have certain employer size requirements for claims data. If claims data is available based upon state and employer size, the following items will be requested:

- Monthly paid medical and prescription drug claims experience and monthly enrollment for 30 days prior to the renewal date. We reserve the right to recalculate the specific rates and aggregate factors if the last 2 months of paid claims experience in the current year varies by more than 10% of the monthly average paid claims for the previous 9 months.
- Large claims greater than \$10,000 with Diagnosis/Prognosis for the full year prior to the quoted effective date.
- Pended claims and large case management reports.
- Final census as of the Policy effective date. Policy premium is subject to revision if final enrollment varies by more than 10% from proposed enrollment.
- Signed and approved application for Stop Loss Insurance Coverage.
- Most current signed Plan Document including all amendments. (Proposed Schedule of Benefits is required by Policy effective date.) Roundstone will not provide a Stop Loss Policy or adjudicate or pay a reimbursement claim until all applicable signed Plan Documents with all amendments are submitted and approved.
- A signed Plan Sponsor Disclosure Statement which includes expected treatment and amount paid during the experience period. Disclosure pertains to:
 - Any claim relating to a serious medical condition,
 - Any claim that has exceeded or is expected to exceed \$25,000 or 50% of specific deductible (whichever is less), and
 - All participants who are hospital confined.
- Roundstone is the contracted agent of the insurance carrier.
- Any cost containment provider used by you, your TPA or your advisor to reduce claims cost may be eligible for stop loss reimbursement on percentage of savings fees charged by such cost containment provider. Such percentage of savings fees charged by the cost containment provider shall be capped for stop loss reimbursement up to 25% of the percentage of savings
- Underwriters reserve the right to apply either (1) a laser/individual deductible or (2) an aggregating specific deductible based on their review of requests for claims data as specified in the Additional Request Section.
- Laser Cap Option included on renewal.
- **New York** - This proposal, and the binding of any stop loss contract based upon this proposal, is expressly conditioned upon the group being able to be issued a stop loss contract under New York law as of the proposal effective date.
- **Maryland** - This proposal, and the binding of any stop loss contract based upon this proposal, is expressly conditioned upon the group being able to be issued a stop loss contract under Maryland law as of the proposal effective date.
- **North Carolina** - This proposal, and the binding of any stop loss contract based upon this proposal, is expressly conditioned upon the group being able to be issued a stop loss contract under North Carolina law as of the proposal effective date.
- Rate Cap included on renewal. Upon your renewal, your stop loss premium PEPM (Specific Contract Premium and Aggregate Contract Premium) shall not increase by more than 30% assuming your plan details stay the same.



Additional Requirements

Proof the entities are part of the same controlled group as defined by the IRS is required.

Full eligibility census with valid waiver reasons required to bind coverage, must meet minimum participation percentage.