



Rekindle
COURAGE



CEA

Christian Employers Alliance

Uniting for Impact

Oct. 17-18, 2024

OKLAHOMA CITY, OK

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**Covenant
Choice**

Covenant Choice Health Plans

An Introduction...



Mission

Provide practical, stable, affordable, and flexible employer health program that aligns with Christian values.

Covenant Choice's Products



Captive Program

- Employers 100+ employees

Covenant Choice Captive is a health program through Berkley Accident and Health.

Reinsures the stop loss policies of multiple companies, making it a larger and more diverse risk pool.

The members of Covenant Choice vary by region and industry, making the program's risk profile more balanced than any one single company.

Members of Covenant Choice retain control over their own benefit plan design and share in the financial results.

Unused funds from the captive may be given back after the close of the program year.

This program is designed to provide more transparency, control, and stability than fully insured health plans or self-funding on your own.



Small Group Program

- Employers with 5 - 100 employees

Christian businesses under 100 employees can now further their values and help contain health plan costs through Covenant Choice for Small Groups and fierce protection of religious freedoms to healthcare plans offered through American Trust Administrators (ATA) and Route Three, in **select (35) states**.





CEA

Christian Employers Alliance

Both Covenant Choice Programs offer **fierce protection of religious freedoms** through membership in the **Christian Employers Alliance** (CEA).

CEA provides Associational Standing that allows for legal protections through **legally filed exemptions** to support Christian employer rights, allowing the **exclusion of** abortion, abortion-inducing drugs and devices, and transgender treatment and surgery.





CEA Legal Victories Provide Exemptions from HHS Abortifacient and EEOC Transgender Mandates

Christian Employers Alliance (CEA) filed and won two lawsuits to protect their members from federal mandates which violate their Christian Values. As a result of these victories, **present and future members of CEA are guaranteed exemptions from federal regulations that require employers to provide coverage for two areas of benefits in their group health plan:**

1. First exemption is for abortion-causing drugs and devices (“abortifacient services”). Pursuant to this legal victory, employers may request their insurer to remove all abortifacient services from their sponsored health plan.
2. Second exemption is for any services or procedures rendered on the basis of gender identity, gender reassignment, or gender transition. Pursuant to this exemption, CEA members may request their insurer to remove all gender reassignment services or procedures from their sponsored plan and confirm any necessary changes to their plan in writing.

Concisely and practically speaking, this means:

1. CEA members will not face enforcement actions from the EEOC or HHS.
2. Covenant Choice for Small Group employer groups are **required to join CEA to ensure this legal protection**, as CEA is the only business organization that provides this type of exemption for its members.

Case sites:

- Christian Employers Alliance v. Azar, No. 3:16-cv-309 (D.N.D.).
- Christian Employers Alliance v. Equal Employment Opportunity Commission, No. 1:21-cv-195 (D.N.D.).



- A Stop Loss Group Captive program that utilizes a Captive Insurance Company that reinsures the stop loss policies of multiple private companies with Christian values, making it a larger and more diverse risk pool.
- Members vary by region and industry, making the program risk profile more balanced than any one single company.
- Members retain control over their own benefit plan design and share in the financial results, providing transparent structure and costs.
- Excess ceded or captive premiums may be distributed after the close of the program year to members.
- Designed to provide more control, transparency, and stability than fully insured health or self-funding on your own.
- Provides Complex Claims Specialty Review by Lockton.
- Provides rate caps and no new laser provisions.
- Offers national PPO, HDHP, and RBP health plan options
- Member owned
- Cost savings from multiple areas
- Broker-friendly

Member Characteristics

- Covered Lives:
 - Over 1600
 - Average – 205 lives
 - Largest Group – 854 lives
- Specific deductible:
 - Average – \$96,800,
 - Range – \$40,000 to \$185,000
- Stop Loss premium:
 - Average – \$279,600,
 - Range – \$112,800 to 657,680



GROUP CAPTIVE PROGRAMS

Covenant Choice

2024 Membership Profile

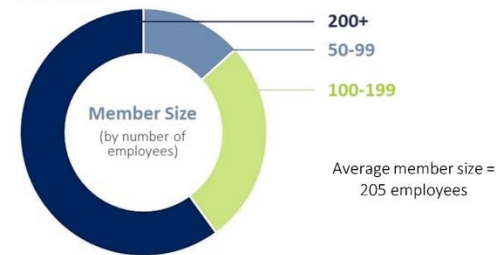
Flexible Solution with Greater Transparency and Control

The Covenant Choice program puts employers in the driver's seat to design a health plan that aligns with their core values.

GEOGRAPHIC DIVERSITY



SIZE DIVERSITY



Membership data as of 12/31/23

This example is illustrative only and not indicative of actual past or future results. Stop Loss is underwritten by Berkley Life and Health Insurance Company, a member company 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 or 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").



MEMBER PHILOSOPHY

- Open to members of the Christian Employers Alliance
- Gain stability and long-term sustainability with other faith-based organizations

MEMBER CHARACTERISTICS

- **Covered lives:**
Average – 205 lives
Largest Group – 854 lives
- **Specific deductible:**
Average – \$96,800
Range – \$40,000 to \$185,000
- **Stop Loss premium:**
Average – \$279,600
Range – \$112,800 to \$657,680

TOP MEMBER INDUSTRIES

- Manufacturing
- Education
- Wholesale/Retail Trade
- Other Business/Personal Services

Ready to learn more?

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Capabilities



1

Proven track record

for developing, supporting, and managing successful Stop Loss Group Captive programs

2

Industry pioneer with 15+ years experience

3

Experience

with a wide range of program structures and objectives

4

One of the largest and most mature portfolios

of Stop Loss Group Captive programs

5

Dedicated team

for onboarding, financial management, account support, and member services

6

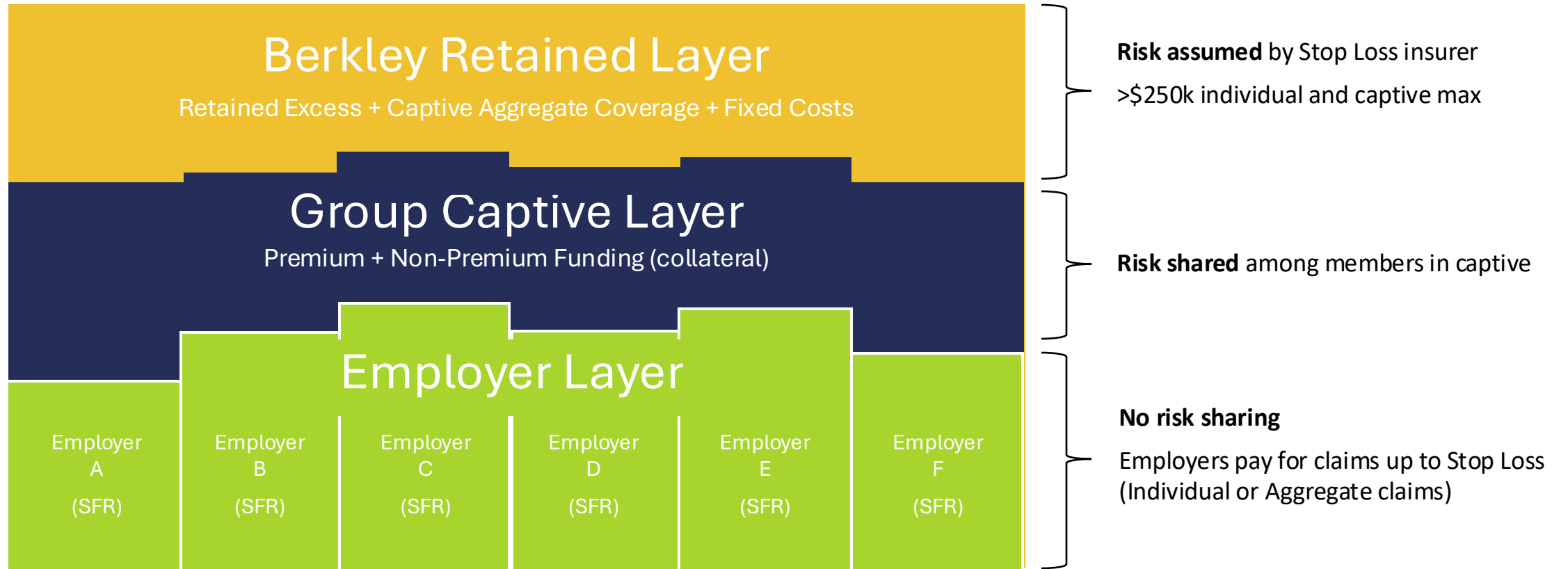
Transparency

with clear fees and reporting on program results



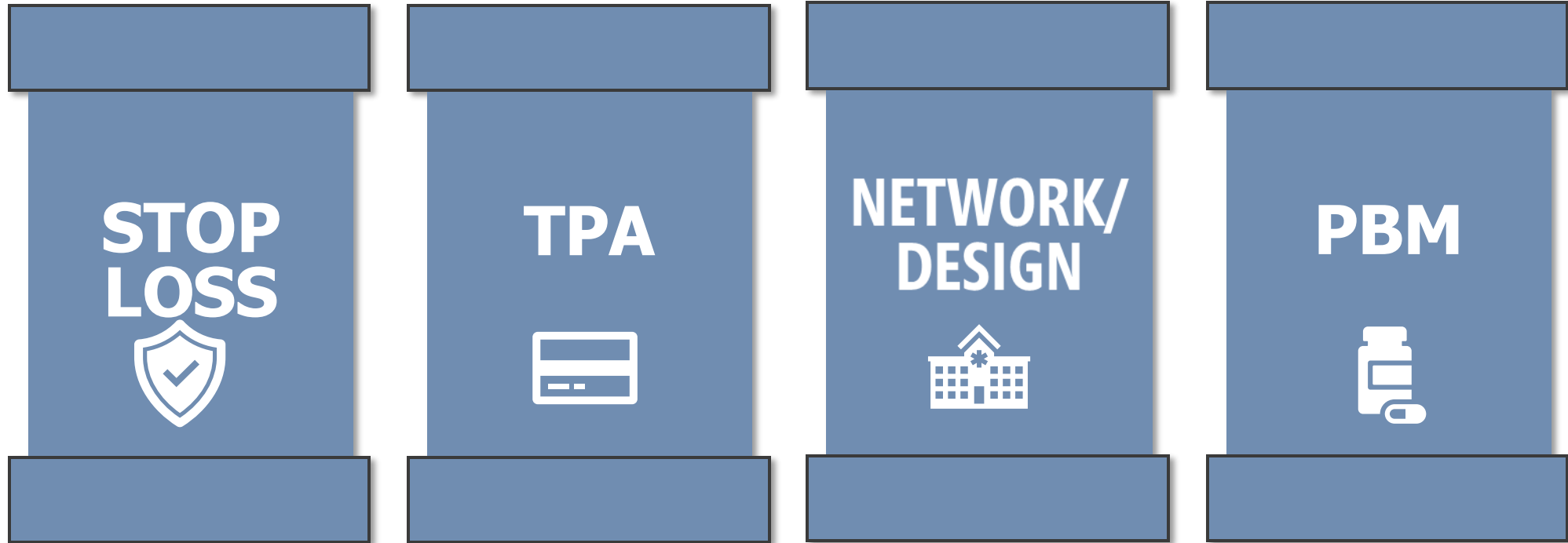
Captive risk layer structure

Retain. Share. Transfer.





Four pillars of a high-performing health plan





Proof of concept

It's working:

- ✓ Lower average renewal rate action
- ✓ Reduced volatility
- ✓ Clear contractual return of unused premium
- ✓ Transparency in revenue
- ✓ Lower large-dollar claims per 10,000 employees

VOLATILITY ANALYSIS



	Start	End
Renewal Date Range	1/1/2022	1/1/2024
Deductible Range	\$40,000	\$185,000

Captive Selection	Covenant Choice
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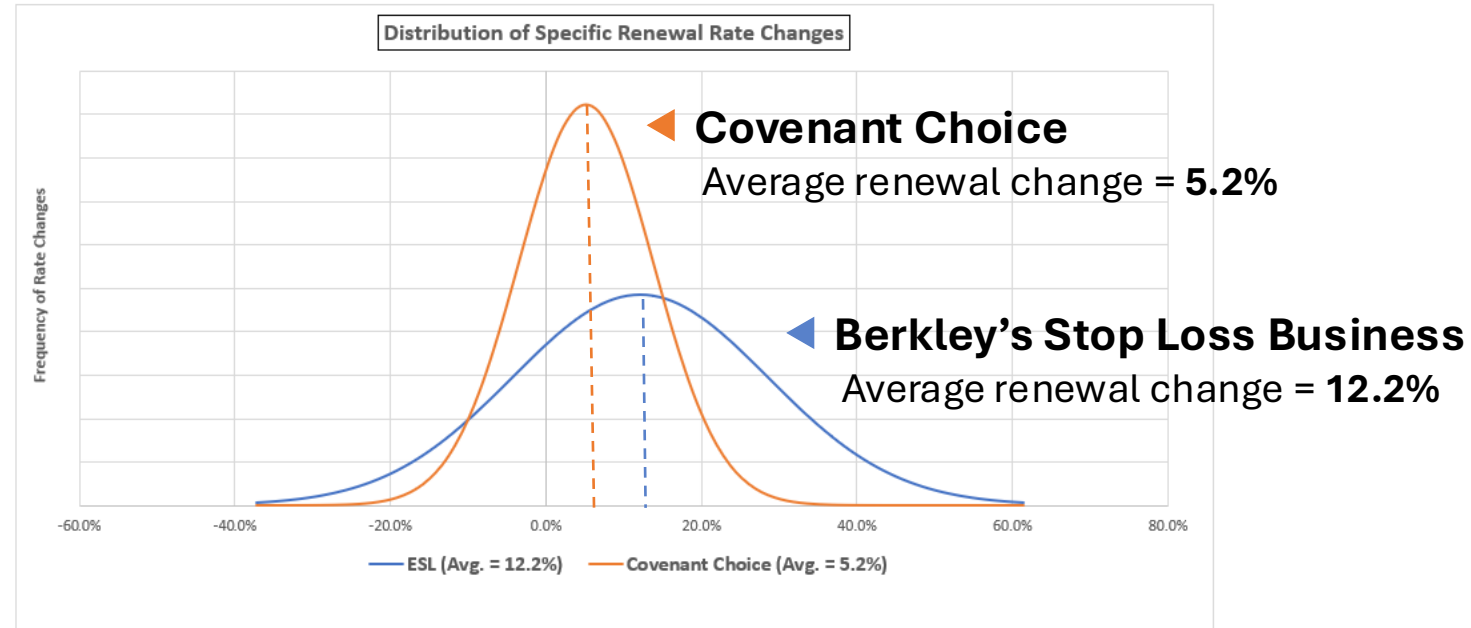
Deductible Range - \$40K - \$185K

Percentiles	
	10%
	25%
	50%
	75%
	90%

	Specific Premium Rate Changes (Effective)		
	Values		
	ESL	EmCap	Covenant Choice
Average	12.2%	10.7%	5.2%
Standard Deviation	16.4%	12.2%	8.6%
Coeff. of Variation	135.1%	114.0%	165.9%
Average Deviation	11.8%	7.5%	6.0%
Policy Count	219	1,375	15

	Relativity		
	EmCap vs ESL	Covenant Choice vs ESL	Covenant Choice vs EmCap
	87.8%	42.8%	48.7%
	74.1%	52.5%	70.9%
	84.4%	122.8%	145.5%
	63.4%	50.9%	80.3%

10th Percentile	(2.3%)	0.0%	0.0%
25th Percentile	2.3%	5.0%	1.5%
50th Percentile	8.0%	8.5%	4.0%
75th Percentile	15.2%	13.1%	8.0%
90th Percentile	36.5%	22.3%	17.8%



Based on a normal distribution:

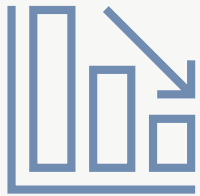
- 75% of the time, the specific renewal rate change is less than 11.0% for Covenant Choice and 23.3% for ESL.
- 90% of the time, the specific renewal rate change is less than 16.3% for Covenant Choice and 33.3% for ESL.
- 95% of the time, the specific renewal rate change is less than 19.4% for Covenant Choice and 39.2% for ESL.

Reflects actual renewal increases for policies with renewal dates from 1/1/22-1/1/24 and specific deductibles between \$40K-\$185K.



The data tells the story

Employers in an EmCap program receive:



✓ **Lower average
Stop Loss renewal
increases**



✓ **More stable
Stop Loss
renewal actions**

**The opportunity to
receive a portion of
their Stop Loss
premium back,
helping to further defray
health care trend.**

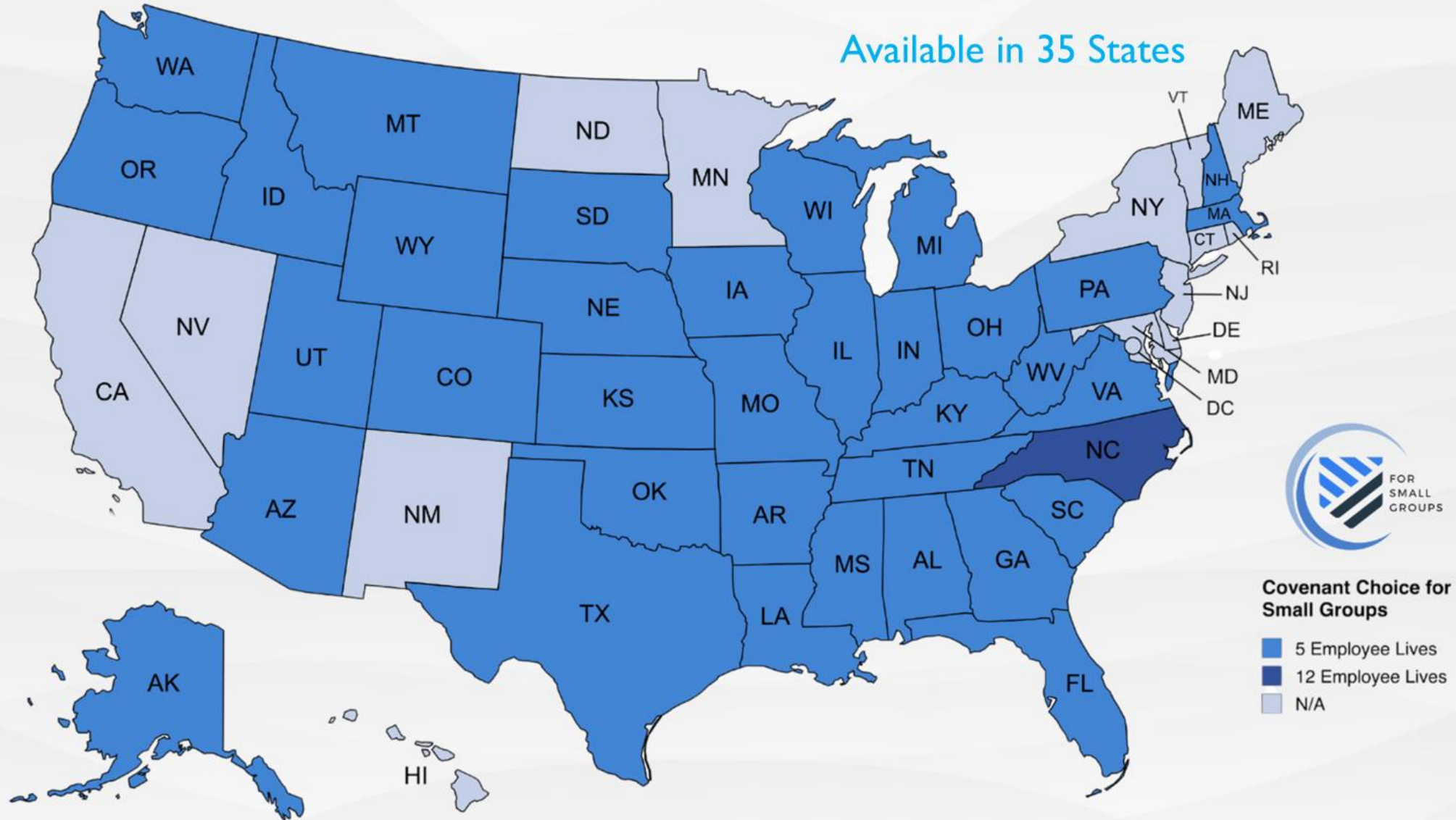


Covenant Choice for Small Groups





Available in 35 States



Covenant Choice for Small Groups

- 5 Employee Lives
- 12 Employee Lives
- N/A



DIFFERENT OPTIONS OF DEDUCTIBLES AND DRUG CARDS

**12/12, 12/15, 12/18, OR 12/24,
STOP LOSS COVERAGE**

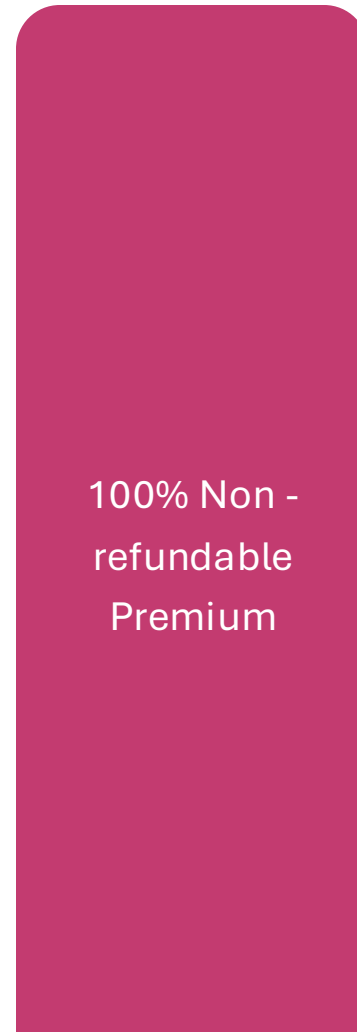
**EMPLOYERS CAN PICK ANY
SPECIFIC DEDUCTIBLE TO
BEST SUIT THEM OR
INTEGRATED STOP LOSS**

BROKER FRIENDLY

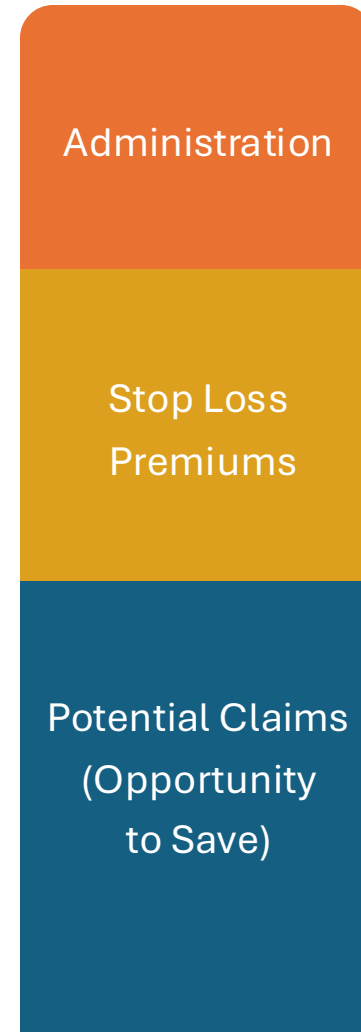




How Level Funding Works



Fully Insured



Level Funded

Why Do Employers Like It?



Greater control over plan design

- Design a benefit plan that will attract and retain employees
- Avoid costly state mandated benefits (self-funded plans are governed by ERISA)
- Self-funded plans do not pay the Health Insurance tax*

Receive information for decision making

- Detailed reports show where benefit dollars are going
- Development and manage cost-effective benefit plans

*Self funded plans are subject to PCORI



Example of Fully Insured



100%
Non-refundable
Premium =
\$450,000

Covered Employees:	30
Annual Premiums:	\$450,000
Monthly Payment:	\$37,500
Claim Payments:	\$170,000
Annual Premiums:	\$450,000
Claim Payments:	-\$170,000
Carrier Profit:	\$280,000
Claim Reserve:	\$60,000

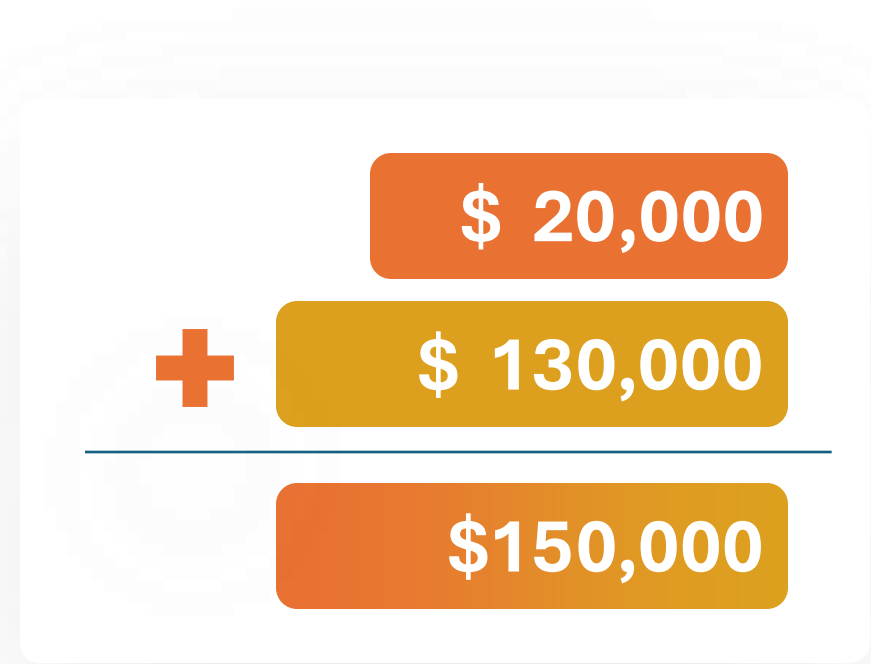
Fully Insured



Example of Level Funded



Level Funded



\$12,500 per month

Claims paid: **\$170,000**

Savings: **\$130,000**

Benefits to Level Funding



Potential for savings and refund



Most premium taxes avoided



We manage self-funding and administer your plan



Specific stop loss for Large Claims



Aggregate stop loss for Many Claims



Can carve out items you don't want to cover



Especially good for Healthy Groups

SAMPLE FINANCIALS 3 | For Number Nerds



		Fixed Costs		Claims Costs		Total Costs	
		PEPM	Monthly Total	PEPM	Monthly Total	PEPM	Monthly Total
EE	3	\$353	\$1,060	\$220	\$659	\$573	\$1,719
ES	2	\$610	\$1,220	\$470	\$941	\$1,080	\$2,160
EC	1	\$506	\$506	\$395	\$395	\$901	\$901
EF	4	\$724	\$2,895	\$645	\$2,580	\$1,369	\$5,475
	10		\$5,681		\$4,574	\$-	\$10,255
Annual	12	\$-	\$68,166	\$-	\$54,891	\$-	\$123,057

Average age 49 \$1,500 deductible plan

\$43,912.80

expected at 100%, or 80% of 125%

Level Funding in a Low Claims Year

Level Funding	Specific	\$10,000	
Employee	Claims	Under Limit	Over Limit
1	\$750	\$750	\$-
2	\$2,500	\$2,500	\$-
3	\$875	\$875	\$-
4	\$2,250	\$2,250	\$-
5	\$1,200	\$1,200	\$-
6	\$100	\$100	\$-
7	\$5,300	\$5,300	\$-
8	\$500	\$500	\$-
9	\$750	\$750	\$-
10	\$1,000	\$1,000	\$-
Total	\$15,225	\$15,225	\$-



Expected Claims	\$43,913
Claims Fund	\$54,891
Actual Claims Total	\$15,225
Less Specific Claims	\$-
Less Aggregate Claims	
Net Claims	\$15,225
Refund	\$39,666

Level Funding with High Claims



Expected Claims	\$43,913
Claims Fund	\$54,891
Actual Claims Total	\$69,850
Less Specific Claims	\$-
Less Aggregate Claims	\$14,959
Net Claims	\$87,809
Refund	\$-

Level Funding	Specific	\$10,000	
Employee	Claims	Under Limit	Over Limit
1	\$7,500	\$7,500	\$-
2	\$2,500	\$2,500	\$-
3	\$8,750	\$8,750	\$-
4	\$8,400	\$8,400	\$-
5	\$1,200	\$1,200	\$-
6	\$10,000	\$10,000	\$-
7	\$8,500	\$8,500	\$-
8	\$8,000	\$8,000	\$-
9	\$7,500	\$7,500	\$-
10	\$7,500	\$7,500	\$-
Total	\$69,850	\$69,850	\$-



Level Funding with 2 Large Claims

Level Funding	Specific	\$10,000	
Employee	Claims	Under Limit	Over Limit
1	\$750	\$750	\$-
2	\$2,500	\$2,500	\$-
3	\$875	\$875	\$-
4	\$22,250	\$10,000	\$12,500
5	\$1,200	\$1,200	\$-
6	\$100	\$100	\$-
7	\$17,000	\$10,000	\$7,000
8	\$500	\$500	\$-
9	\$750	\$750	\$-
10	\$1,000	\$1,000	\$-
Total	\$47,175	\$27,675	\$19,500



Expected Claims	\$43,913
Claims Fund	\$54,891
Actual Claims Total	\$47,175
Less Specific Claims	\$19,500
Less Aggregate Claims	
Net Claims	\$27,675
Refund	\$27,216

Plan Surplus



Excess money in the Claims Fund can be:

- Rolled over to cover the next year's claims or used to reduce future Claims Fund contributions
 - Change from level funding to minimum funding
- Used to add benefits to the plan
 - HRA is a fantastic option
- Used to fund any other employee welfare benefit plan established pursuant to ERISA, such as:
 - Dental, vision, LTC, life, disability income, unemployment plans, vacation plans, pre-paid legal plans
- Returned to the Plan Trustee at termination
- **CAUTION:** Never use plan assets for a prohibited transaction under ERISA



Ready to learn more?



Text EMPLOYER to 28323

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Disclosures

STOP LOSS INSURANCE

Stop Loss policies are underwritten by Berkley Life and Health Insurance Company, a member company of W. R. Berkley Corporation and rated A+ (Superior) by A.M. Best. Not all products and services may be available in all jurisdictions, and the coverage provided is subject to the actual terms and conditions of the policies issued.

GROUP CAPTIVE PROGRAMS

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MANAGED CARE INSURANCE

HMO Reinsurance is underwritten by Berkley Life and Health Insurance Company, a member company of W. R. Berkley Corporation and rated A+ (Superior) by A.M. Best. Not all products and services may be available in all jurisdictions, and the coverage provided is subject to the actual terms and conditions of the policies issued. Provider Excess is underwritten by Berkley Life and Health Insurance Company and/or StarNet Insurance Company, both member companies of W. R. Berkley Corporation and both rated A+ (Superior) by A.M. Best. Not all products and services may be available in all jurisdictions, and the coverage provided is subject to the actual terms and conditions of the policies issued.

SPECIALTY ACCIDENT

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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").