



Company News: FCC Services Launches Captive Insurance Company for Rural Wisconsin Health Cooperative

Recognizing the benefits larger groups receive in purchasing insurance products, the Rural Wisconsin Health Cooperative (RWHC) decided in 2015 to move forward with forming a Workers Compensation captive insurance company for its members. After researching the potential partners in this complex undertaking, RWHC selected FCC Services in January 2016 to implement their ambitious plan: launching the new company by October 1st.

RWHC provides a variety of professional services to its 40 members, which are rural acute care non-profit hospitals located throughout Wisconsin. An analysis of these members' workers compensation claims revealed very favorable – meaning low – loss experience, along with the realization that RWHC could help its members reap the rewards of this result.

“Once the conversation started about how to capitalize on the low loss records, it became apparent that a captive insurance company could deliver lower costs for this insurance product, and provide other benefits as well,” says Don Sicard, Vice President of Risk Management and Insurance for FCC Services. “Members in the Captive will have access to more insurance options because of the larger group size, and thus more control over their coverages, and also have the potential for significant financial benefit.”

Group captive insurance companies are owned by their participating members, combining their individual employees into a single purchasing group. The members pay into the Captive to cover anticipated costs, money that can then be invested in everything from risk management systems to safety and loss control procedures. Members also have the potential to receive dividend payments at year's end. The RWHC Captive Insurance Company (RWHC CIC) launched October 1st with the initial two participants, with the expectation of at least 16 participating members within the first year.

Setting up a new insurance company is a significant undertaking, and the heavy lifting for RWHC CIC was initiated in May, after four months of due diligence and planning. Working closely with FCC Services to implement the Captive were Darrell Statz, Director of Finance and Support Services for RWHC, and Rich



Donkle, recently retired Director of Financial Consulting Services for RWHC who served as a consultant specifically for this effort.

“Our situation is somewhat unique in that our members are all non-profit hospitals and we want the benefits of the Captive to flow back to our members,” says Rich. “FCC Services was quick to understand our model and what we were trying to achieve.”

Darrell agrees, adding, “FCC Services has expertise in working with cooperatives, so they understood our structure and our process. They worked side-by-side with us to promote the Captive to our members, explaining the benefits and helping us maintain our momentum until we ultimately obtained buy-in from our membership.”

In addition to adding new members, RWHC CIC is also considering adding additional coverage categories in the near future, including Medical Stop Loss coverage. This arrangement will allow members with self-funded health insurance to aggregate their purchasing power for stop loss coverage and provide flexibility in plan design.

“FCC Services has been managing the Farm Credit System Association Captive Insurance Company for decades, and understands the complexities of creating and managing a captive insurance company, as well as, the intricacies of the cooperative business model,” says Don. “We’re exceptionally pleased to deliver for RWHC, a cooperative services organization like us, the benefits of its own Captive, which will in turn benefit its members and their employees.”