

Private Equity – Self-Funded Aggregation

(Makes Economic Sense to Combine Expenses)

Profile of Private Equity or Venture Capital companies:

Private Equity Firm has holdings in 30 different companies. Of these 30 companies the firm has controlling and or majority interest in 10 of the companies.

Profile of the individual portfolio companies:

Each of these 10 companies has 100 employees for a total number of employees equaling 1000 lives.

Typical structure for portfolio owned company:

Each of these 10 companies with 100 employees pays for their own benefits. Total annual premium for medical and ancillary coverage would cost \$710,000 for each company. Therefore, the total cost of insurance for all companies is **\$7,100,000**.

Alternative Plan (Self Fund each separately):

Re-Insurance costs = \$193,200 X 10 =	\$1,932,000
Administrative costs = \$16, 800 X 10 =	\$168,000
Claims costs = \$500,000 X 10 =	\$5,000,000
Total costs =	\$7,100,000

Proposed Plan using an Aggregate model:

Re-Insurance costs =	\$172,000
Administrative costs =	\$50,000
Claims costs =	\$5,000,000
Total costs =	\$5,222,000

Savings using an aggregate model versus self funding each company individually = **\$1,878,000**

Innovate.Economize.Compete

- Look at Private Equity Firm Portfolio Holdings
- Combine as many of the Employee Benefits Plans in the portfolio as possible
- Simplify plan designs and efficiently “insure” a combined grouping
- Install via Best Case education for long term success overall
- Build a sustainable “Group Insurance” model to improve each constituency
- Paying attention to People; Providers; Plan Designs and Partners = Profits

Contact: rgowdy@yoursummit.com
Phone: 800-475-0991 x601
10 Library Lane
Simsbury, CT 06070



Summit Financial Group

www.yoursummit.com