



Contrarian Re Captive Program

Contrarian Re is a member-owned, Tennessee based heterogeneous captive insurance program. The captive is the mechanism that reduces risk and volatility, making self-insurance more feasible.

This overview is intended to be used in conjunction with our indication. The indication attempts to explain how the captive works and why an employer would want to participate, and this overview is intended to provide some concrete information specifically about Contrarian Re.

Program Highlights:

- Licensed and regulated by the Tennessee Department of Insurance
- Members are provided audited financial statements each year, including reserves as calculated by an independent actuary
- Quarterly financial statements
- Member website and portal
- Transparency of claims and expenses
- Semi-annual member meetings
- Equity participation by members
- Member-controlled Board of Directors

By The Numbers

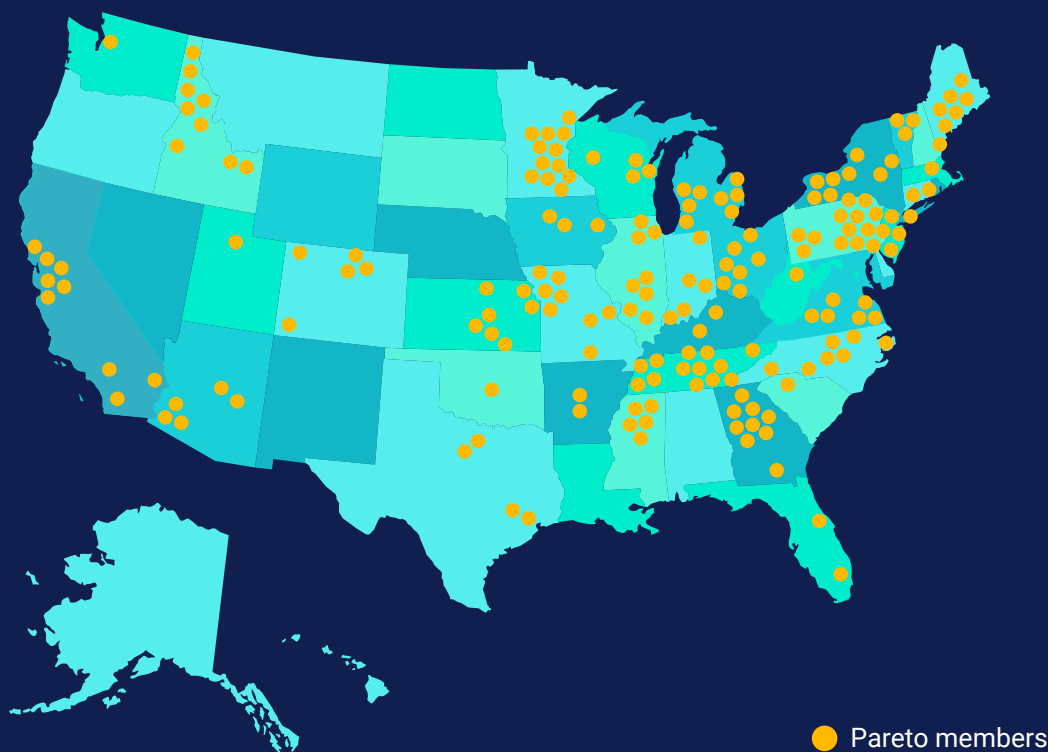
(as of April 21, 2022)

Number of Employers:	566
Number of Enrolled Employees:	76,138
Average Employer Size:	135
Number of Enrolled Lives:	158,890
Renewal Ratio:	97%

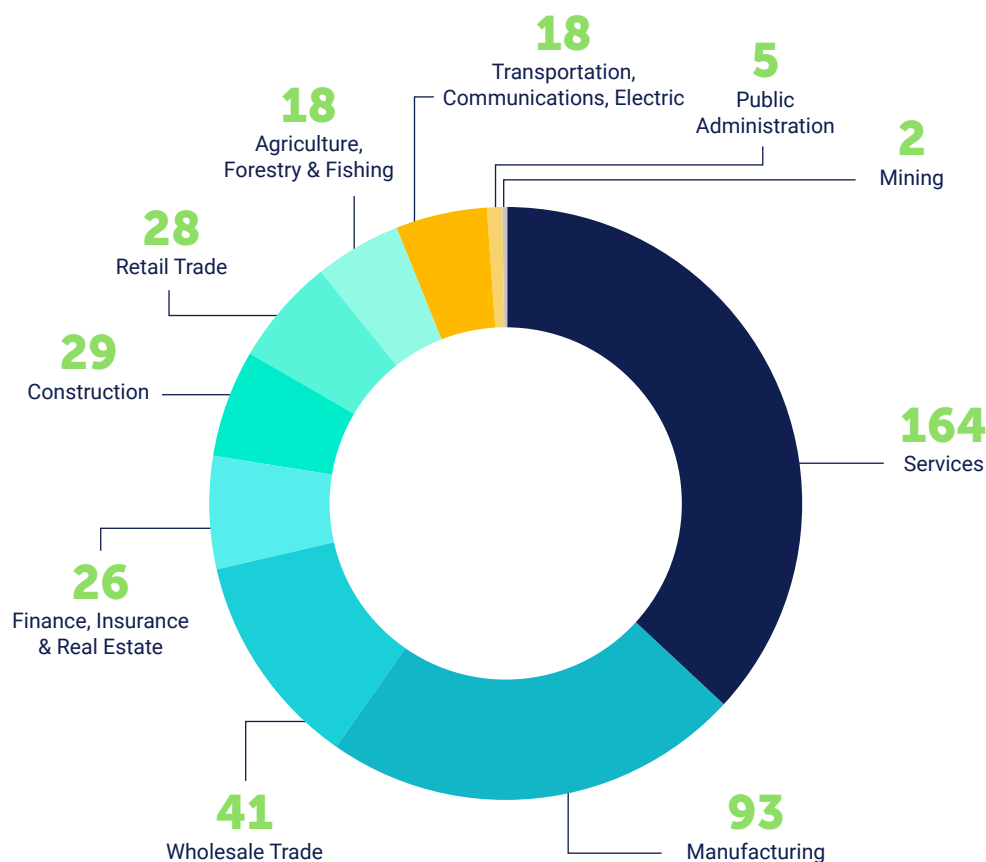
Member Meetings

The member meetings are one of the highlights of the program. The meetings have three goals: governance, education, and networking. Most members that attend speak very highly of the meetings, and some members believe that the meetings should be mandatory (on some level) in the future. The argument is that more engaged members equate to better program experience.

Member Location



Contrarian Re Composition by Industry



The contents of this document do not constitute an offer of securities or a solicitation of an offer to buy of securities, and may not be relied upon in making an investment decision related to any investment offering.

Integrated Cost Management

ParetoHealth captive membership is the foundation for a multi-year strategy that provides better protection and greater control over healthcare spending. Membership is also the only way to get access to the advantages of ParetoHealth's Integrated Cost Management (ICM) programs.

ICM combines clinical and claims data analytics to reveal hidden opportunities to **reduce medical and pharmacy claims costs without compromising care**. From there, we provide members with proprietary playbooks containing simple steps to realize significant healthcare savings.

It is our belief that participation in ParetoHealth's built-in approach to cost management is essential to an employer's success in achieving **greater control over healthcare costs and coverage**. More detail on a few key programs can be found below.

Pharmacy Cost Intelligence Powered by PRxC (Pareto Rx Consortium)

Pharmacy costs alone typically drive **20-25%** of an employer's total healthcare spend, with specialty Rx costs now increasing by as much as 20% annually. The result for employers with minimal insight into Rx claims and understanding of opaque pharmacy benefit manager (PBM) incentives? More blind spending, accelerating at an alarming rate.

PRxC makes controlling Rx spend possible for employers. Through a combination of best-in-class PBM contracts, a powerful Rx consulting firm, and a suite of innovative specialty drug solutions, **members can save up to 25% on their total Rx spend**.

Care Coordination

What does care coordination mean, at ParetoHealth?

For employers: A way to maximize the value of their benefits package, reclaim time for HR, and help employees achieve better health outcomes.

For employees: An easier way to navigate a complex healthcare system, with frustration-free connections to lower cost, high quality providers, available at their fingertips 24/7. Whether it's through a mobile app with access to telemedicine on-demand or through a dedicated team of patient advocates and clinicians, our care coordination solutions help employees get **the right care, at the right time, at the right cost**.

Oncology

25% of cancer diagnoses are mis-staged or misdiagnosed, resulting in unnecessary costs and sub-optimal care for patients. By ensuring a patient has the correct diagnosis, staging, and treatment plan from the start, employers can avoid unnecessary costs and save money on costly cancer claims. By providing a second opinion and reviewing treatment plans to ensure compliance with best-in-class guidelines, ParetoHealth's oncology management program also serves as an effective advocate for patients.

Beyond improved employee outcomes, what's the impact? **2-10% savings on total captive-wide costs, or \$3M in savings for ParetoHealth members to date.**

Plan Optimization (COBRA/Medicare enrollment support)

ParetoHealth helps employers get control of their costs by reducing the number of people on their healthcare plans—when appropriate, and with compassion.

Our integrated platform includes two no-cost programs to educate **Medicare-eligible employees** and encourage **COBRA-eligible employees** to seek **alternative coverage options at a lower cost**. Interested individuals can compare plans and shop for coverage online with assistance from experienced insurance agents.

These proven plan optimization strategies are **a win-win for employers and employees alike**. By migrating away from their employers' healthcare plans, Medicare-eligible employees and COBRA claimants are able to access the same or better coverage for lower out-of-pocket costs, while simultaneously helping their employer sidestep avoidable claims and costs.

Differentiators

We think it is important to highlight what we see as the key ways in which Pareto is different from other participants in this space.

- We are **independent**. We are not owned or affiliated with any stop-loss carrier or any broker. This independence allows us to focus on one thing—managing the group captive on behalf of the employers without conflict. We believe that if a captive is owned or controlled by the stop-loss carrier (or underwriting entity), there is a potential conflict of interest as the stop-loss carrier is effectively negotiating both sides of the reinsurance agreement.
- We have **critical mass**. Across Pareto's programs we have approximately **565,000 enrolled employees**. We believe that size is critical to achieving the captives' primary goal of decreasing the members' volatility. The girth of our programs allows us to better negotiate terms for our members, reduce frictional costs, and secure vendor relationships that otherwise wouldn't be available.
- We use **wholly owned captives**, meaning that the captive is owned and ultimately controlled by the employers. A Board of Directors governs the captive with the majority of the board being comprised of employers. With a segregated account or "cell" company, the members essentially have a contract linked to assets and liabilities but little to no legal authority or management control.
- We use **onshore** captives. Our captives are domiciled in Tennessee. We see no tax advantage to being offshore. We see considerable potential angst on the part of employers asked to include an offshore company as part of their benefits strategy and the potential for political or regulatory fall-out from such use.
- We have **transparent underwriting guidelines**. Members have complete understanding of the underwriting methodology and renewal process—there are no surprises or "black box" renewals. We do not use lasers for conditions/-claimants that manifest after an employer has joined the captive.

One of the primary reasons an employer joins a group captive is to reduce their volatility. Most captive managers and underwriters either openly use lasers or are intentionally ambiguous about their future use. Unfortunately most employers don't learn of this approach until they face a laser at renewal.

- We use mature **(e.g., 12/18) contracts** for annual policies. First and foremost, we want employers to be able to make a proper "apples to apples" comparison between the captive and their fully insured terms. The 12/18 contracts provide employers maximum risk transfer as well as greater flexibility should they decide to exit the captive at some point in time.
- We incorporate **population health management requirements** into all of our programs. In addition to promoting better outcomes, the health management requirements ensure our captives are attracting like-minded members committed to longer-term strategies for controlling costs. Other captive programs take a much more hands off approach to program management and/or do not make the requirement part of the captive documents.
- We believe that the membership units in the captive **could be treated as securities** as defined by the SEC. For a concise synopsis of the definition, please see the link below.

SEC Securities Definition

In order to protect employers, we file a Form D with the SEC on behalf of the captive, enabling the captive to take advantage of certain exemptions from share registration. While we aren't securities attorneys, we'd rather operate with an abundance of caution in such an important area and believe that our risk aversion in this area will parallel the views of our clients.

Finally, we have more **experience** in this space than anyone else. We can help you avoid many of the common pitfalls and can make the sales and education process much more efficient.