



PEO and Employee Staffing Practice Groups

Delivering Outstanding Service

Professional Employer Organizations (PEO) and employee staffing firms navigate a complex array of human resource risks, from employment practices liability to workers' compensation. Reasons for considering captive insurance include: 1) controlling the volatility of workers' compensation costs, 2) providing customized employee benefits solutions, and 3) enhancing their value proposition to clients through differentiated service offerings.

SRS Approach

SRS crafts captive insurance solutions tailored to the unique needs of PEOs and staffing firms, focusing on workers' compensation, employment practices liability insurance (EPLI), and health benefits. By leveraging data analytics and risk management strategies, SRS helps these firms mitigate risks effectively, control costs, and ultimately, offer more competitive services to their clients.

Benefits and Outlook for 2025

By partnering with SRS, PEOs and staffing firms can achieve a competitive edge through improved risk management, cost savings in workers' compensation and health benefits, and enhanced service offerings. Success is measured through metrics such as Lower Loss Ratios and Cost Per Employee. As the demand for flexible staffing solutions continues to grow in 2024, firms with strategic captive solutions will be better positioned to capitalize on market opportunities and drive business growth. By partnering with SRS, PEOs and staffing firms can achieve a competitive edge through improved risk management, cost savings in workers' compensation and health benefits, and enhanced service offerings. Success is measured through metrics such as Lower Loss Ratios and Cost Per Employee. As the demand for flexible staffing solutions continues to grow in 2024, firms with strategic captive solutions will be better positioned to capitalize on market opportunities and drive business growth.

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FAQ

How can PEOs and employee staffing firms benefit from forming a captive insurance company?

Captives provide these firms with customized insurance solutions for workers' compensation, health benefits, and employment practices liability that are often more cost-effective and tailored to their specific needs than traditional insurance options.

Can a captive insurance solution help PEOs manage the risks associated with a diverse workforce?

Yes, captives allow PEOs to address the unique risks presented by varied employment practices and workforce demographics, offering flexible coverage that can adapt to changing risk profiles and regulatory environments.

What role does SRS play in assisting PEOs with captive management?

SRS assists PEOs in navigating the complexities of captive formation, regulatory compliance, and strategic risk management, ensuring their captive aligns with both short-term needs and long-term objectives.

Are there particular challenges in the PEO industry that captives address more effectively than traditional insurance?

Captives excel in managing and financing the risks associated with employment practices liability and workers' compensation, especially where traditional insurance markets may offer less favorable terms or insufficient coverage.

How does forming a captive insurance company impact a PEO's competitive position in the market?

By providing more stable and predictable insurance costs and offering tailored benefit solutions, PEOs with captives can enhance their value proposition, attracting and retaining clients seeking high-quality, comprehensive HR services.

Advantages of Captives for PEOs:

Risk Management: Captives allow PEOs to retain control over their risk exposure.

Cost Savings: By using a captive, PEOs can potentially reduce their cost of risk compared to traditional insurance.

Coverage Flexibility: Captives can offer coverage that may not be available from commercial insurers.

Direct Access to Reinsurers: Captives have access to the international reinsurance market, which can be more flexible.

Bargaining Power: Holding a percentage of insurance in the captive can give PEOs leverage with commercial insurers.

When considering if a captive is right for your business, think of the following aspects:

Financial Goals: Clearly establish your company's financial and business objectives.

Actuarial and Data Considerations: Access loss data, exposure information, and insurance company expenses.

Reinsurance Potential: Evaluate the potential for reinsurance in the marketplace.

PEO & Staffing Captive Stats

20+

PEO & Staffing
Captives

Types of Captives

Single Parent
Commercial (Re)Insurance

Active Domiciles

Arizona
Cayman Islands
Georgia
North Carolina
Oklahoma
Tennessee
Texas

About Strategic Risk Solutions

SRS is the world's largest independent insurance company manager. With over 25 years of experience, SRS provides management and consulting services to a wide range of insurance company entities, from single parent captives to complex commercial insurers and reinsurers. SRS has operations in the United States, Canada, Europe, Barbados, Bermuda, Cayman Islands, Latin America, and South Africa. For more information on SRS, please visit www.strategicrisks.com.