THE ENTERPRISE TEAM — KNOWLEDGE CENTER

# Fully Insured vs. Self-Funded

An in-depth comparison to help you decide which funding approach fits your organization.

## Fully insured

You pay a fixed premium to a carrier, which assumes the claims risk. Predictable budgeting and simple administration make it a common fit for smaller groups.

- Fixed, predictable monthly premiums.
- Carrier manages claims and compliance filings.
- Limited claims data and plan-design flexibility.

## Self-funded

You pay claims as they occur, typically with stop-loss insurance to cap exposure. Larger groups often gain transparency and long-term savings.

- Retain unused funds in a good claims year.
- Full claims transparency and plan-design control.
- Requires cash-flow tolerance; stop-loss protects the downside.

## Level-funded (the middle path)

A level-funded arrangement blends the two: fixed monthly payments with a year-end reconciliation, delivering much of the upside of self-funding with fully-insured-style predictability — often a strong fit for groups of 50–150.

## How to choose

- Group size and risk-pool stability.
- Appetite for month-to-month variability.
- Value placed on claims data and custom plan design.
- Availability and cost of stop-loss coverage.

Questions about how this applies to your organization? Our advisors offer a free consultation — visit the contact page on our website.



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