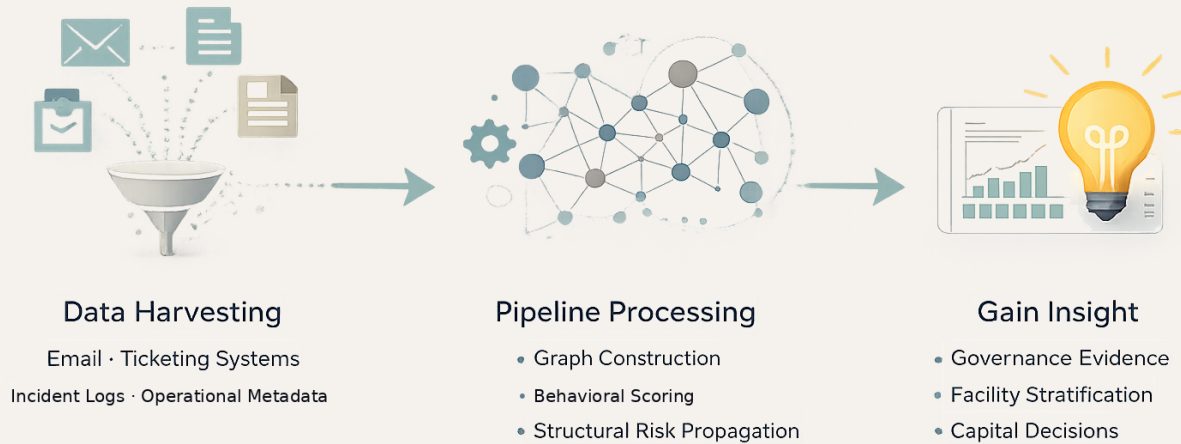


# Governance Evidence for Senior Living Captives

*How the BBCO Framework converts operational behavior into measurable capital inputs for single-parent captives and self-owned RRGs in senior living.*





## I. Where the Capital Moves

Stable governance tightens uncertainty. Less uncertainty means less capital standing watch. In senior living, the framework uses RMIS data, incident logs, and escalation workflows, not clinical records. Clinical coordination is never observed; governance escalation is the sole input.

- Volatility loads tighten when containment depth stabilizes
- Retention goes up when containment consistency is demonstrated across facilities
- Attachment points sharpen as observed escalation bounds replace conservative guesswork

*The captive stops pricing against abstract possibility and starts pricing against constrained operational reality.*

## II. What Current Metrics Miss

Current measures cannot cleanly distinguish operational strain from structural breakdown. BBCO measures containment consistency, structural influence, and governance trajectory directly from operational records.

- Resident satisfaction is subjective, lagging, and gameable
- Staff turnover cannot distinguish routine churn from structural loss
- Regulatory scores are snapshots that miss governance trajectory

*BBCO separates what current indicators combine: operational strain that resolves normally from structural breakdown that changes the cost surface.*

### III.

#### Pressure Convergence

Distinct risk domains begin to converge when the same people absorb multiple pressures at once. Independence assumptions weaken when governance paths share common nodes.

- Shared Node Ratio (SNR) measures participant overlap across issue classes
- When that person's bandwidth saturates, both risk towers degrade together
- Correlated towers can be priced with that linkage in mind

*Independence assumptions fail when governance paths converge. The question is whether that convergence is measured before it becomes a surprise.*

### IV.

#### AI Tool Integration: New Risk, Same Framework

Senior living operators are adopting AI-assisted tools — fall detection, medication management, predictive staffing, elopement monitoring. These tools create a new category of liability that traditional PL/GL policies struggle to cover: responsibility ambiguity between the facility, the operator, and the AI vendor. BBCO measures the governance response to AI-related incidents using the same RMIS data already flowing through the organization.

- When an AI tool fails, the escalation path reveals where operational responsibility actually landed
- Exposed Silence detection is especially critical for AI monitoring failures
- Vendor integration is measurable through structural overlap
- Retain AI risks in your captive instead of buying five separate policies from carriers who don't understand them

*The risk is new. The governance response is the same structural pattern BBCO already measures. The question is whether the organization's escalation machinery treats AI incidents with the same discipline it applies to everything else.*

## V. Facility-Level Differentiation

Pooling assumes similarity until claims prove otherwise. BBCO distinguishes facilities earlier than loss experience can.

- Containment variance distinguishes facilities with identical incident types but different governance signatures
- New acquisitions present governance evidence from existing RMIS data before the captive has loss history
- Variance decomposition provides evidence that facility escalation patterns are independent

*Facilities that demonstrate stable containment earn credit. Facilities that show erratic governance pay the opacity premium.*

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## VI. The Deployment Model

The captive structure already exists. What is missing is the evidentiary layer. BBCO deploys within single-parent captives or self-owned RRGs where one operator owns all insured facilities.

- The operator runs analysis on their own RMIS and incident data
- The captive board gains facility-level stratification for capital decisions, reinsurance positioning, and regulatory defense
- No new insurance product is required

*The framework measures organizational response, not clinical practice. Data handling controls are non-negotiable in regulated environments.*

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## Synthesis

*Across all five dimensions, the mechanism is consistent. BBCO converts governance from an implicit assumption into a bounded, measurable, and reviewable evidentiary signal for senior living captive programs.*

- Capital tightens because escalation behavior is bounded across facilities
  - Retention strengthens because containment consistency is demonstrated, not assumed
  - Current metric gaps are filled with direct observation of governance trajectory
  - Pressure convergence is measured before it becomes a correlated loss event
  - Facility differentiation is evidence-based from day one, including new acquisitions
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*Open source. Community governed.*

