



8326 east hartford drive, suite 100
scottsdale, arizona 85255
480 682-1400
888 550-4961
480 682-1450 fax
www.bardon.net

Small Group Excess Loss

In response to overwhelming demand, Bardon Insurance Group is more than pleased to offer excess loss coverage to the small-group market (minimum of 35 participating employee lives). At Bardon Insurance Group the needs of our TPA Partners matter! However, meeting this particular need is not without challenges.

The first challenge in offering stop-loss coverage to the under-100-employee-life market is the difficulty of obtaining credible claims experience and/or shock loss data. This is particularly true of groups that are currently covered under a fully insured plan. In order to meet this challenge, Bardon will offer stop-loss proposals on a manual basis when credible experience is not available contingent upon the receipt and review of Bardon's individual "Health Statements". The individual health statements are to be completed by each participating plan member. It is important to note that unlike fully-insured carriers that initially offer unrealistic rates that will be increased for anything that shows up on the applications, our rating methodology will be to offer a proposal based on standard assumptions and only revise the bid for significant deviations. In other words, our proposal will not show "marketing rates" that will be adjusted for every condition disclosed on the Health Statement but instead will provide room for common conditions. Specific deductibles are available down to \$10,000 though higher specifics are recommendable in most cases.

Groups that have three (3) years of experience with shock loss claims data (currently self-funded) will be underwritten in the traditional stop-loss manner. Bardon's underwriting will be based on the experience and the "disclosure" (completed within 15 days of the effective date).

The second challenge is the extra work created by meeting the first challenge. Although gathering and reviewing individual health statements aids us in assessing risk, it is certainly not without cost. This process requires a commitment of underwriting resources on the part of Bardon and often creates the additional work and expense of obtaining Attending Physician Statements (APS). Again, we have a solution.

Typically the task of obtaining an APS falls back on the TPA or broker and the amount of time and expense can be significant when working on several accounts. Therefore, Bardon has contracted with a third party to obtain Telephonic Medical Reports upon submission of a sold case. This provides a significant advantage to both our TPA Partners in terms of time saved as well as to Bardon in terms of ability to appropriately rate each group. In order to compensate for the expense of providing individual underwriting and the cost of obtaining each Telephonic Medical Report (over \$100 each), Bardon will include a small administrative fee (PEPM) built into each proposal.

Contact

Sandi Llewellyn, Regional Sales Manager, at sandi.llewellyn@bardon.net

Or

Wendi Swann-Meyer, Regional Sales Manager, at wendi.swannmeyer@bardon.net
with questions and comments

Proposal requests may be emailed to proposal@bardon.net or faxed Dawn Turner at 480.682.1450

The Best Plan at the Right Time “Minimal Splash”

Every four years Americans tune into the Summer Olympic Games track and field, softball, soccer, swimming... and the diving competition. We watch as the young men and women climb to the top of the diving board or platform, all the while the announcer swoons on about the various elements of the dive about to be judged. Now the athlete takes their position and then leaps from their perch contorting their bodies into a series of various tuck and pike positions and then (usually with some level of grace) they plunge into the water. Now, the camera pauses on the spot in which the diver entered the water in search of the one thing everyone wants to know; how big was the splash? Everyone knows that a good dive ends with minimal splash and the audience gives an approving ah when the feat is achieved with a mere ripple! A bad splash however may force a bucket of water or more into the air causing the crowd to utter a small but pronounced gasp!

Employers with 35 to 100 employees have the opportunity to take advantage of the excellent fiscal benefits provided by ERISA in terms of funding health and welfare benefit plans. Self-funding offers employers financial savings especially during years with lower claims experience (typically 4 out of 5). At the same time, plans are protected through the diversification of risk on large claimants or the occasional higher claims experience year with appropriate stop loss coverage. The key to transitioning from fully insured carriers that keep every dime paid in premium (even in years with very low claims volume) is to do so with "minimal splash" or in other words at the most opportune time.

In order to determine the best time to make this transition, plan members are provided with an Individual Health Statement, a memo and an envelope. The memo instructs each to complete the statement for themselves and their dependents. It further instructs them to enclose the completed form in the envelope provided which will in turn be given to the health insurance company to evaluate the groups current risk level. This second step provides the employee with assurance that their personal information will remain protected as provided for by HIPAA.

The excess loss carrier will use the individual health statements to develop a "potential claims analysis." If the analysis is positive the employer can move forward into a self funded plan and the cost saving advantages that include; lower taxation, lower administrative costs, better plan design control... If the analysis is less than positive, various methods of addressing the known risk may be offered or the employer may be advised to remain fully insured until it becomes more practical to change plans. While the analysis cannot guarantee a good claims year, it does allow the employer to make an informed decision.

Why not just accept a disclosure? Without clear large claims reports available the employer runs the risk that any large claim incurred at the outset may be considered non-disclosed. If credible claims reporting is available; a disclosure may be used as opposed to individual health statements subject to the Bardon Underwriters discretion.

To learn more about Bardon's small group excess loss coverage contact

Sandi Llewellyn, Regional Sales Manager, at sandi.llewellyn@bardon.net

Or

Wendi Swann-Meyer, Regional Sales Manager, at wendi.swannmeyer@bardon.net

Proposal requests may be emailed to proposal@bardon.net or faxed Dawn Turner at 480.682.1450

