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Terminal Liability Option Explanation

The Terminal Liability Option extends the aggregate contract paid period by three months in order to allow for the run out of claims incurred during the contract period should the group choose to return to a fully insured health plan at the end of the self funded contract.

The Terminal Liability Option must be accepted at the beginning of the contract period and the premium cost for the option must be paid for the entirety of the contract period.

If the Terminal Liability Option is exercised by the end of the aggregate contract period the annual aggregate deductible will be increased by the greater of

1.) An amount equal to the employee aggregate factor times the number of employees plus the dependent aggregate factor times the number of dependent units for the last three months or

2.) The minimum annual aggregate deductible divided by twelve and then multiplied by three.

Those eligible aggregate claims incurred during the contract period and paid during the terminal liability extension will be covered under the aggregate contract.