

The Value of Stop Loss

Self-funding is a popular option for employers who want to provide health care benefits while maintaining control of their programs and costs. As health care claims costs rise, the need for Stop Loss insurance grows in **helping to protect self-funded groups against the financial impact of catastrophic claims.**

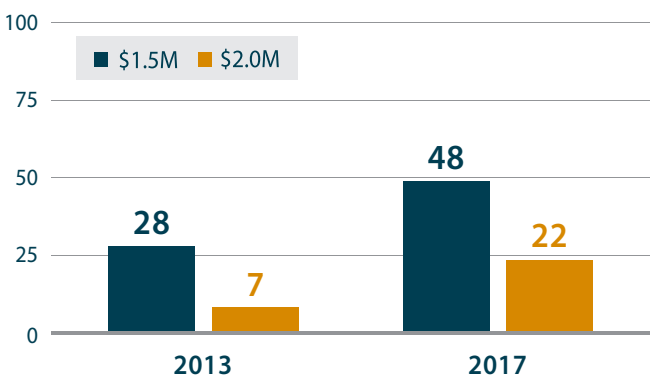


The State of the Stop Loss Market



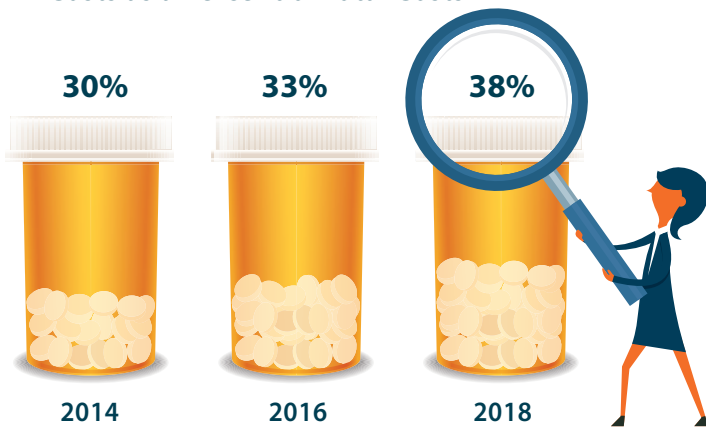
In Line with the Market:

HM Sees Increase in Number of Large Claims*



Increasing Drug Costs:

Rx Costs as a Percent of Total Costs[†]



Impact of Leveraged Trend

- The rise in first-dollar medical costs **escalates a growth in Stop Loss claims**
- When more covered **groups exceed their deductibles**, Stop Loss carriers **pay out more**
- If deductible levels are not raised, the cost of Stop Loss **increases at a faster rate** than the first-dollar medical trend because of the accelerated risk
- Leveraged trend is a **major factor in projecting** Stop Loss rates

Leveraged Trend Cost Impact Example:

Same Deductible			
	Year 1	Year 2	Trend
Catastrophic Claim	\$150,000	\$165,000	10%
Stop Loss Deductible	\$100,000	\$100,000	-
Cost to Stop Loss Carrier	\$50,000	\$65,000	30%

Deductible Increase			
	Year 1	Year 2	Trend
Catastrophic Claim	\$150,000	\$165,000	10%
Stop Loss Deductible	\$100,000	\$110,000	-
Cost to Stop Loss Carrier	\$50,000	\$55,000	10%

What Does the Right Stop Loss Coverage Provide to Self-Funded Employers?

- Protection from claim costs that exceed deductible levels
- A responsive team that gets claims paid quickly & accurately
- Expertise in cost containment practices
- A safeguard for the financial health of the company

Choose a Steward of Financial Well-being

Financial protection should be important to all parties involved – broker, policyholder and carrier. In an ever-changing market, the value of working with the right Stop Loss carrier extends far beyond the cost of the coverage. Top Stop Loss carriers help guard the financial health of their policyholders through sound premium pricing that appropriately protects their ability to do so.

With HM Stop Loss, you can have confidence in the quality of what you are delivering to your client.



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* Company statistics gathered through HM Insurance Group January 2019 Line of Business Report and other HM Insurance Group internal analysis.
[†] Top Ten Health Insurer, Paid Claims Data, 2014-2018.

Coverage is underwritten by HM Life Insurance Company, Pittsburgh, PA, in all states except New York under policy form series HL601 or HMP-SL (11/16) or similar. In New York, coverage is underwritten by HM Life Insurance Company of New York, New York, NY, under policy form series HL601 or HMP-SL (11/16) or similar. The coverage requested may not be available in all states and is subject to individual state approval.