

# 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 prices rise, the need for Stop Loss insurance grows **to protect self-funded groups against the catastrophic claims that can threaten their financial security.**

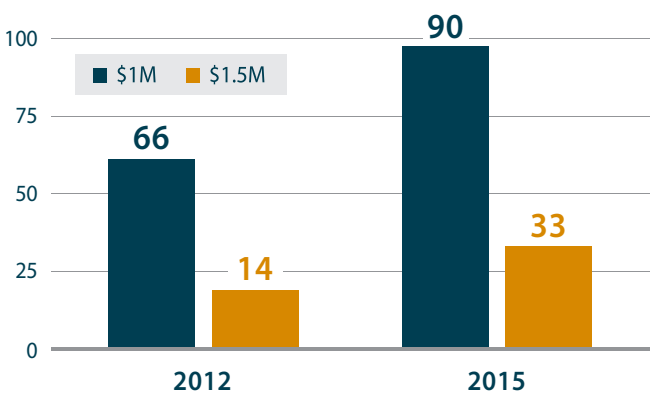


## The State of the Stop Loss Market



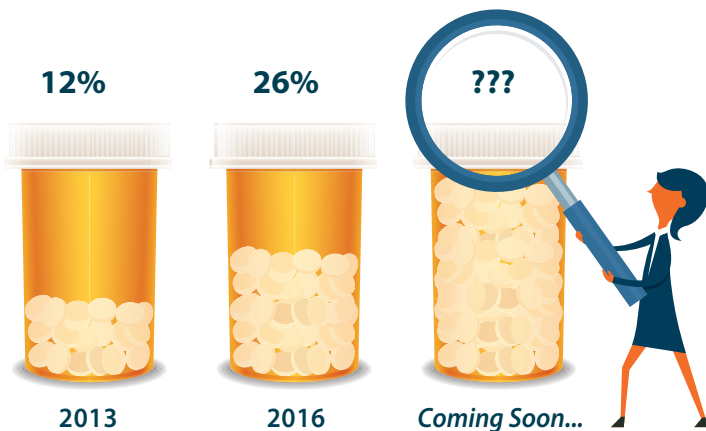
### In Line with the Market:

HM Sees Increase in Number of Large Claims\*



### Drugs Contribute to Rising Claim Costs:

Percent of Drugs Costing More Than \$50K Annually†



### 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 Wellbeing

Financial protection is essential to all parties – 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. The best Stop Loss carriers 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.**



Guarding Financial Health  
800.328.5433 | hmig.com

\* Company statistics gathered through HM Insurance Group January 2017 Line of Business Report and other HM Insurance Group internal analysis. UW years 2015 -2016 are immature and projected. Costs and incidents are expected to increase.

† Top Ten Health Insurer, Paid Claims Data, 2013-2016.

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. In Pennsylvania, coverage may be underwritten by Highmark Casualty Insurance Company under policy form series HC601 or HMP-SL (11/16) or similar. The coverage requested may not be available in all states and is subject to individual state approval.