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Aggregating Specific Feature

Providing Stop Loss Options to Clients

HM Life Insurance Company of New York offers a feature to clients who are looking to reduce their Stop Loss premium by assuming more claim liability. With the Aggregating Specific feature, the client agrees to accept an amount of additional risk in exchange for the financial advantage of paying lower Stop Loss premiums. This feature is solely a financial arrangement and does not impact employee medical benefits. The Aggregating Specific feature is recommended for clients financially suited to accept additional risk.

How the Aggregating Specific Feature Works

With the Aggregating Specific feature, specific premium is reduced in exchange for the client assuming liability for a set dollar amount, referred to as the Aggregating Specific fund. When an individual claim or a combination of individual claims exceed the specific deductible, the amount exceeding the specific deductible is applied to the Aggregating Specific fund rather than the client receiving reimbursement. When the total excess claim amounts exceeding the specific deductible equal the Aggregating Specific fund, the additional eligible specific Stop Loss liability will be reimbursed up to the plan maximum.

Aggregating Specific Example

Specific Deductible: \$200,000
Aggregating Specific Loss Fund: \$75,000

The client incurred 3 claims that were each more than the \$200,000 specific deductible.

Claimant	Claim Amount	Less the Specific Deductible		Amount in Excess of Specific Deductible	Amount Applied to Aggregating Specific Fund	HM Reimbursement
Claimant 1	\$250,000	- \$200,000	=	\$50,000	\$50,000	\$0
Claimant 2	\$255,000	- \$200,000	=	\$55,000	\$25,000	\$30,000
Claimant 3	\$235,000	- \$200,000	=	\$35,000	\$0	\$35,000
				\$140,000	\$75,000	\$65,000

\$140,000 Excess of Specific Deductible
-\$75,000 Aggregating Specific Deductible

\$65,000 HM Reimbursement

Aggregating Specific Employer Cost Impact Examples

Below are illustrations of the impact of the Aggregating Specific to an employer's bottom line. Example A and Example B are scenarios where the Aggregating Specific feature can provide savings to employers. Example C demonstrates an instance where an Aggregating Specific would not be beneficial to the employer.

Specific Deductible: \$200,000

Aggregating Specific Loss Fund: \$75,000

Example A			Example B			Example C		
No Claimants Exceeded the \$200,000 Specific Deductible			Two Claimants Exceeded the \$200,000 Specific Deductible by \$18,000 and \$23,000, Totaling \$41,000			Two Claimants Exceeded the \$200,000 Specific Deductible by \$30,000 and \$35,000, Totaling \$65,000		
	Without Aggregating Specific	With Aggregating Specific		Without Aggregating Specific	With Aggregating Specific		Without Aggregating Specific	With Aggregating Specific
Premium Paid by the Employer	\$260,000	\$200,000	Premium Paid by the Employer	\$260,000	\$200,000	Premium Paid by the Employer	\$260,000	\$200,000
Total Claims Assumed by Employer	\$0	\$0	Total Claims Assumed by Employer	\$0	\$41,000	Total Claims Assumed by Employer	\$0	\$65,000
Total Cost to Employer	\$260,000	\$200,000	Total Cost to Employer	\$260,000	\$241,000	Total Cost to Employer	\$260,000	\$265,000
\$60,000 Savings to Employer			\$19,000 Savings to Employer			\$5,000 Increased Cost to Employer		

Note: Total liability will fluctuate due to the size of the deductible and the specific deductible purchased.

Aggregating Specific Requirements

- Only claim amounts in excess of the specific individual deductible are applied to the Aggregating Specific coverage.
- The claims in the Aggregating Specific fund do not apply toward the aggregate coverage.
- Once the Aggregating Specific fund is met, any additional eligible claims over the specific deductible will be reimbursed.
- Available to groups of more than 100 lives.
- The minimum premium requirement is \$150,000 (before the Aggregating Specific is implemented).
- The Aggregating Specific fund's fixed dollar amount differs by employer group and is determined during the underwriting process.
- Commissions are not payable on the Aggregating Specific fund.
- Subject to HM underwriting discretion.