Deferred Aggregating Specific Deductible

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Similar to a standard Aggregating Specific Deductible (ASD), Deferred Aggregating Specific Deductible allows covered groups to assume a greater level of risk for a reduction in their specific premium. With an ASD, covered groups do not have to increase their group specific deductible to reduce their premium. Instead, the group can assume an ASD that they need to satisfy once a claimant or claimants exceed the group specific deductible before they are reimbursed by the stop-loss contract. Specific Premium for that group will be reduced by the amount of the ASD.

Aggregating Specific Deductible Example

ABC Company purchases a $100,000 Specific Deductible that generates an annual premium of $350,000. Without an ASD, ABC Company pays the Annual Premium in monthly installments and for each individual with eligible claims in excess of $100,000 during the Policy Period, the policyholder will be reimbursed for those amounts over $100,000 per individual.

ABC Company opts to purchase a $50,000 ASD for their group. By doing so, ABC Company assumes an additional $50,000 of risk in aggregate as individuals exceed the $100,000 group Specific Deductible. Once the group has satisfied the additional $50,000 in risk they will be reimbursed for eligible claims in excess of that amount while reducing their payable premium to $300,000.

Claimant	Total Claim	Amount Applied Toward the Group Specific Deductible	Employer Amount Applied Toward the ASD	Amount Reimbursed by Stop-Loss
Claimant 1	$130,000	$100,000	$30,000	$0
Claimant 2	$145,000	$100,000	$20,000	$25,000
Claimant 3	$115,000	$100,000	$0	$15,000

Deferred Aggregating Specific Deductible Guidelines

- Available for groups with a $100,000 Specific Deductible or greater.
- Standard payable premium of $250,000 or greater before the ASD is applied.
- ASD to be no greater than 35% of the standard payable premium.
- Initial stop-loss liability to be no greater than 40% of the reduced payable premium after the ASD is set.

Deferred Aggregating Specific Deductible

A Deferred Aggregating Specific Deductible differs from an ASD in that an initial stop-loss liability is provided under the policy that will be used for reimbursement of claims over the group Specific Deductible prior to the ASD having to be satisfied.

Example of Deferred Aggregating Specific Deductible

ABC Company opts to purchase a $100,000 group Specific Deductible with a $50,000 ASD, but an initial stop-loss liability is added to the policy of $50,000.

Claimant	Total Claim	Amount Applied Toward the Group Specific Deductible	Initial Stop-Loss Liability	Employer Amount Applied Toward the ASD	Amount Reimbursed by Stop-Loss
Claimant 1	$130,000	$100,000	$30,000	$0	$0
Claimant 2	$145,000	$100,000	$20,000	$25,000	$0
Claimant 3	$115,000	$100,000	$0	$15,000	$0

With no further Specific claims during this contract period the group saved $10,000 with the Deferred Aggregating Specific Deductible option.

Contact us to learn more!

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