



TRUSTWAY®
T.E.A.M. SERVICES

Self Funded / Aggregate Deductible Description

Program Description:

Self Funded / Aggregate Deductible programs offer the same coverage as fully insured / traditional insurance products. Aggregate deductible plans provide HMO / PPO Denial, Maximum Benefit of 90,000 (effective 2010-11) for NCAA institutions and \$25,000 for NAIA and JC / CC programs.

Comparing Aggregate Deductible Programs with "Traditional" / Fully Insured Programs:

"Traditional" Product Example: \$100,000 Premium with a \$0 Deductible

- School pays \$100,000 at beginning of school year and in this case, has no additional responsibility due to the "\$0 Deductible". If the school had a \$500 deductible, the school would be responsible for paying the first \$500 per injury.

- If \$60,000 in claims occurred throughout the benefit period, then the school would have no additional responsibility. Maximum exposure and cost to the school for the year is \$100,000. Insurance company would pay all \$60,000 in claims.

- If \$130,000 in claims occurred throughout the benefit period, then the school would have no additional responsibility. Maximum exposure and cost to the school for the year is \$100,000. Insurance company would pay all \$130,000 in claims.

Aggregate Deductible Product Example: \$75,000 Deductible with \$30,000 in fixed cost (Premium, TPA Fees, Taxes, Sales Expenses); Total Cost = \$105,000

- School pays \$105,000 at beginning of school year. Note: School could elect to partially fund the "aggregate deductible. In this case, school could choose to pay \$40,000 (plus the fixed cost) at the beginning of the year and then fund the remaining \$35,000 if and when needed.

- As in the example above, if \$60,000 in claims occurred throughout the benefit period, then the schools self funded (aggregate account) would pay the \$60,000. In the event that the school fully funded their \$75,000 account, they would receive a refund of \$15,000 for "unused" claims money. Maximum cost for the school year would be the \$60,000 in claims plus the \$30,000 in insurance cost for a total cost of \$90,000 vs the \$100,000 in the fully insured / "Traditional" program.

- As in the example above, if \$130,000 claims occurred throughout the benefit period, the school's self funded portion of \$75,000 would be depleted and the remaining \$55,000 would be the responsibility of the insurance company. The school's maximum exposure and cost would be \$105,000.

Summary

The aggregate deductible option provides the school to recover money when they experience a good claim year vs the traditional product. When school's have bad claims year the school is still protected against a large pay out.

When schools have a a previous high claims year and are anticipating a premium increase, it is a good option to consider a self-funded / aggregate deductible program.