WHY IS STOP LOSS INSURANCE SO IMPORTANT?

From unexpected surgeries and premature births to virus outbreaks and diseases, there are many events that could cause a higher-than-anticipated amount of claims. Stop loss insurance limits the employer’s liability to a certain pre-set amount.

GUARDIAN OFFERS TWO TYPES OF STOP LOSS INSURANCE

<table>
<thead>
<tr>
<th>INDIVIDUAL STOP LOSS INSURANCE</th>
<th>AGGREGATE STOP LOSS INSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>protects against large catastrophic claims</td>
<td>protects against high claim volume</td>
</tr>
<tr>
<td>REIMBURSES IF…</td>
<td>REIMBURSES IF…</td>
</tr>
<tr>
<td>claims made by an employee or dependent exceed an individual or family deductible for the policy year</td>
<td>the total claims of all employees exceed an aggregate attachment point for the policy year</td>
</tr>
</tbody>
</table>

FOR COMPANIES OF ALL SIZES

Traditionally, stop loss insurance has been for larger employers. Guardian offers plans for employers with as few as 35 employees because we know it can make great financial sense for them, too.1

Claim efficiency is key with stop loss insurance. Guardian processes claims on average in just 5 days,2 reducing exposure and improving cash flow.

HOW DOES IT WORK?

Here’s a simple example for an individual stop loss policy with a $50K deductible:

<table>
<thead>
<tr>
<th>CLAIM AMOUNT</th>
<th>ACCUMULATED CLAIM AMOUNT</th>
<th>WHO PAYS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000</td>
<td>$25,000</td>
<td>Employer</td>
</tr>
<tr>
<td>$25,000</td>
<td>$50,000</td>
<td>Employer</td>
</tr>
<tr>
<td>$500</td>
<td>$50,500</td>
<td>Stop Loss Insurance</td>
</tr>
<tr>
<td>$10,000</td>
<td>$60,500</td>
<td>Stop Loss Insurance</td>
</tr>
</tbody>
</table>

CHOOSING THE RIGHT STOP LOSS INSURANCE PLAN

We’re here to provide all the help you need to create a plan customized for your company’s size and unique risk tolerance.
Glossary of Stop Loss Insurance Terms

ACCOMMODATION BENEFIT
A plan option usually on aggregate stop loss insurance that can allow for qualifying claims to be paid earlier than at the end of the benefit period (i.e. monthly), enabling better cash flow for employers.

ADVANCED FUNDING
A plan option usually on Individual Stop Loss insurance that can allow for qualifying claims to be paid immediately when the individual deductible has been met, enabling better cash flow for employers.

AGGREGATE ATTACHMENT POINT
A plan sponsor’s overall claim liability during a contract period.

AGGREGATING SPECIFIC DEDUCTIBLE
Option available to a plan sponsor which is designed to reduce the Specific Stop Loss premium in exchange for the plan sponsor’s acceptance of additional liability up to a predetermined level.

INDIVIDUAL OR FAMILY DEDUCTIBLE
The dollar amount that a plan sponsor is responsible for paying for each participant or family covered during the policy year.

LASERING
Carve-outs of specific risks.

MAXIMUM BENEFIT
Maximum reimbursement paid by stop loss coverage.

POOLING
Deriving renewal rates from an insurer’s entire customer base, which reduces cost volatility and makes rates more predictable.

RUN-IN
Period during which a claim must be both incurred and paid to qualify for reimbursement. Example: 15/12 means incurred in the 12-month policy period or in the three months immediately preceding the policy period and paid in the policy period.

REINSURANCE
Although Stop Loss protection is sometimes referred to as “reinsurance,” reinsurance more often means insurance that is purchased by an insurance company from one or more insurance companies (the “reinsurer”) as a means of risk management. In this arrangement, the reinsurer would pay a share of the claims incurred by the insurance company. The reinsurer may be either a specialist reinsurance company, which only undertakes reinsurance business, or another insurance company.

RUN-OUT
Period during which a claim must be both incurred and paid to qualify for reimbursement. Example: 12/15 means incurred in the 12-month policy period and paid in the policy period or in the three months immediately following the policy period.

SELF-FUNDING
Paying health care providers directly for the care that employees receive, only when service is provided. Compared to high insurance premiums, self-funding can save money and provide more plan flexibility, but employers take on the financial liability of paying claims.

TERMINAL OPTION
A rider that extends the contract period to cover claims incurred during the policy period, but paid after the termination date.

THIRD PARTY ADMINISTRATOR (TPA)
TPAs process claims, provide access to preferred provider networks, and perform other administrative services.