

Section 1. Purpose and Intent
 Section 2. Definitions
 Section 3. Stop Loss Insurance Coverage Standards
 Section 4. Actuarial Certification
 Section 5. Effective Date

This law shall be known as the Stop Loss Insurance Act. The purpose of this Act is to establish criteria for the issuance of stop loss insurance policies. Nothing in this act shall be construed as imposing any requirement or duty on any person other than an insurer or as treating any stop-loss policy as a direct policy of health insurance.

- A. "Actuarial certification" means a written statement by a member of the American Academy of Actuaries, or other individual acceptable to the commissioner, that an insurer is in compliance with the provisions of this Act, based upon the individual's examination and including a review of the appropriate records and the actuarial assumptions and methods used by the insurer in establishing attachment points and other applicable determinations in conjunction with the provision of stop loss insurance coverage.
- B. "Attachment point" means the amount of claims that the insurer (or other stop loss carrier) or other insurance, are projected to be incurred by an individual or group of individuals under the policy. The model act only requires an insurer to calculate the numerical value of the aggregate definitions and parameters of the model; it does not preclude a stop loss carrier from using different claims and other terms in order to determine how that numerical value is to be reached under the group.

- A. (1) An insurer shall not issue a stop loss insurance policy that :
 - (a) Has an annual attachment point for claims incurred per individual which is lower than \$20,000;
 - (b) Has an annual aggregate attachment point, for groups of fifty (50) or fewer, that is lower than the greater of:
 - (i) \$4,000 times the number of group members;
 - (ii) 120 percent of expected claims; or

Stop Loss Insurance Model Act

- (iii) \$20,000;
 - (c) Has an annual aggregate attachment point for groups of fifty-one (51) or more that is lower than 110 percent of expected claims; or
 - (d) Provides direct coverage of health care expenses of an individual.
- (2) An insurer shall determine the number of persons in a group, for the purposes of this subsection, on a consistent basis, at least annually.
- (3) For the purposes of determining the dollar amounts set forth in Paragraph (1) above, and upon consideration of the medical components of the Consumer Price Index (CPI), the commissioner may amend these dollar amounts and shall publish any change in these dollar amounts at least six (6) months prior to their effective dates.



States may wish to provide the commissioner with the authority to promulgate regulations relating to the model act.