The Role of Stop Loss Protection

Almost 70% of self-funded plan sponsors purchase Stop Loss insurance to cover major plan liabilities above a specified dollar amount. Stop Loss is designed to protect the employer from catastrophic claims for conditions such as cancer and organ transplants, or unexpected increases in overall utilization.

The two main types of Stop Loss coverage are:

- **Individual Stop Loss (ISL**), sometimes called Specific Stop Loss. Individual Stop Loss protects the employer against catastrophic claims by single individuals that exceed a dollar limit chosen by the employer. For example, if a covered participant incurs catastrophic injuries in an accident and has claims exceeding the contract's agreed upon dollar limit (deductible), the ISL coverage would reimburse the employer for the covered expenses beyond that dollar limit.

- **Aggregate Stop Loss (ASL)**, or excess risk insurance. Aggregate Stop Loss insures against non-catastrophic claims exceeding a total dollar amount for a plan year. This usually is 125% of the level of expected claims established by the carrier.

Individual and Aggregate Stop Loss coverages are usually purchased together. As plan sponsors become more comfortable with self-funding and take on appropriate catastrophic thresholds, claim flows become more predictable and the larger employers will typically drop Aggregate coverage.

Aegis has several arrangements with the top rated stop loss carriers in the market, to assure the plan sponsor the most affordable protection.