

## Avalon Stop Loss-Lasers at Renewal

### Producer Communication #750

*Issued March 31, 2016*

#### Message

Effective immediately, Avalon Stop Loss policies for renewing customers will include “lasers” (as warranted) as standard in the renewal. Lasers enable Avalon to assign a higher deductible to (or exclude from coverage) individuals whose medical costs are extraordinarily high or predicted to be high. This change in renewal strategy supports responsible growth of our stop loss business and is consistent with industry standards.

#### Details

##### Background

When Avalon Stop Loss entered the market nine years ago, our selling strategy guaranteed no lasers at renewal. As our book of business has rapidly grown and matured, we are changing our approach to managing potential liabilities, such as catastrophic claims, by instituting “lasers” (as warranted) at renewal. Lasers enable Avalon to exclude or adjust coverage for individual, high-cost claimants. In the stop loss insurance industry, lasers (as situations warrant) at renewal is standard practice used by most of our competitors.

##### Renewing Groups

Effective immediately, lasers (as warranted) will be standard in all renewing stop loss policies. Whether lasers apply will be determined by Underwriting on a case-by-case basis, based on the group’s claims experience.

If there are questions for renewal groups, producers should consult the group’s Account Executive.

Lasers will be applied to illustrative quotes based on the information provided by the group. Should Underwriting receive additional information after illustrative quotes are released, they may either: 1) revise the specific deductible amount for any laser(s), 2) change the laser deductible to the group’s specific deductible, or 3) exclude the member from stop loss coverage. This decision will be made by Underwriting.

##### Renewal Exception Requests

Producers should contact the Account Executive to coordinate a “no laser” renewal exception request (RER). If the exception request is approved, the premium for stop loss coverage will change. Pricing will depend on claims experience and the high cost claimant’s diagnoses.

##### Communication

Ancillary Services is working on various communication pieces to ensure that our message is consistent to all of our customers. These updates will include: website updates, collateral changes, contract changes, and application changes.

#### Questions

Contact your Preferred Agency with any questions. Thank you.