

Summit Perspectives

Analyze Your Reinsurance Coverage

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Coverage Analysis

- Are your decisions based on quantifiable data?
- Are you getting the most value out of your coverage?
- Are you unnecessarily limiting your recoveries?
- Are you getting *real* risk protection?

Underwriting

Summit Re uses a proprietary coverage analysis tool, called InSight™, to give CEOs and CFOs the quantitative decision-making data they need to make informed reinsurance decisions.

InSight™ is designed to ensure that you obtain the most value out of your reinsurance coverage. Please contact your Summit Re regional vice president for a personalized demonstration of this tool which will allow your plan a better understanding of how to structure coverage to ensure its effectiveness.

Avoid Reinsurance Coverage Errors

Underwriting

This “Top Ten” list of coverage features that can limit a health plan’s reinsurance recoveries is based on our experience in managed care reinsurance and reflected in InSight™, our coverage analysis tool.

1. Limited coverage for high-cost inpatient tertiary care referrals. Where are the high costs-per-day problems – in-network or out-of-network?
2. Artificial per diems, case rates or fee schedules that do not reflect actual plan costs.
3. Reinsurance deductibles chosen at a level too low, producing too many reinsurance claims with the reinsurer’s margin built in.
4. Inpatient per day coverage limits not mirroring plan underlying average daily costs for high cost claims.
5. Purchasing reinsurance on budgetable claims such as professional services versus hospital inpatient-only coverage.
6. Reinsuring chronic cases. Again, the reinsurer will build in its margin on a budgetable claim.
7. Covering outpatient facility benefits which may have limited value for catastrophic reinsurance.
8. Variable coinsurance and its potential for lowering coverage on high-cost out-of-network hospital confinements. Alternatively, coinsurance may vary by inpatient costs per day.
9. Reinsurer definitions – If the treaty has separate definitions for acute care, medically necessary or experimental treatments, the reinsurer may exclude certain claims that you have paid because of its ability to use its own definitions that may not match your health plan’s certificate of coverage.
10. Alternate funding programs – These complex programs are another way for a reinsurer to protect its downside risk without giving the plan real risk protection.

To avoid reinsurance coverage errors, contact us today to arrange for a demonstration of the coverage analysis tool. Current clients have a coverage analysis done as a routine part of our annual renewal process.

What is *Summit Perspectives*?

Summit Perspectives is a periodic newsletter published by Summit Reinsurance Services, Inc., a full-service managing underwriter and reinsurance intermediary that focuses exclusively on managed care. *Summit Perspectives* highlights various items from both Summit Re and the managed care reinsurance marketplace. We will publish it

only when we have important information to share.

Look for news of interest in these categories:

- underwriting and coverage
- products and services
- customer service
- managed care vendor arrangements

- general managed care market news and information.

We hope you enjoy this first edition of *Summit Perspectives*. If an item in this edition generates questions or comments, please give us a call at 260-469-3000 or write to us at www.summitre.com.

URN Claim Enhancement

Service

If you use United Resources Network (URN) through Summit Re to manage your transplant cases, the access fee can be submitted and considered as a claims expense if the claim exceeds the annual retention. Also,

URN network claims will be considered at a higher coinsurance level and the average daily maximum limitation (ADM) will not be applied to case rates (Base Payment Rate or BPR). Should a URN arrangement go into an outlier arrangement, the BPR, or case rate por-

tion, is still not subject to the ADM. Only the outlier portion will be subject to the ADM. This provides for higher reinsurance recoveries to the plan, and it is handled via claim administration guidelines rather than by policy amendment.

Compensation—No Double-Dipping

General News

We believe in transparency to the purchaser when it comes to compensation. One can draw the analogy of life insurance financial consultants. They should generally be receiving compensation through fees *or* commis-

sions, but not both. We earn our fees through our contractual relationship with ERC. We do not load in (and never have) any compensation for transplant networks or other managed care services offered as part of the reinsurance coverage claim reimbursement.

You may inquire if other managing underwriters have any such hidden managed care service fees or if brokers have any contingent commission arrangements on your funds. You have the right to know because it's your money!

Licensing—Are Your Coverage Providers Compliant?

General News

Brokers, managing underwriters and reinsurers are subject to a wide variety of licensing and compliance requirements. Summit Re believes in playing by the rules and a level playing field. To that end, we have obtained a wide variety of licenses to meet specific state requirements (e.g., general agency,

reinsurance intermediary broker or manager, managing underwriter, general business corporation).

Can you imagine selling against an unlicensed HMO? We are aware that some of our competitors have taken shortcuts in these regards on the employer stop-loss and/or HMO reinsur-

ance business. You might ask the sales representatives of other carriers or managing underwriters if they have all the required licenses. You should have them explain how they are licensed and show you a copy. It's only good business to deal with companies which are properly compliant, especially in today's environment of close scrutiny.

New Staff Expands Summit Re's Expertise

General News

Summit Re and GE Insurance Solutions announced the hiring of three new managed healthcare reinsurance personnel in 2004. We are committed to hiring the personnel needed to expand our presence in the managed healthcare reinsurance marketplace and provide our customers unmatched service. We remain dedicated to this market and customers we serve. The addition of the following talents enhance an already strong team.

John Broyles joined Summit Re on January 19. John formerly worked for Risk Based Solutions as a principal and founder. He is excited to be part of the Summit Re and ERC managed care reinsurance growth strategy. John will sell to and service health plans in selected regions as Regional Vice President – Sales.

Larry Jackson joined Summit Re on July 19. Larry is a former Lincoln Re employee with 18 years of experience in the healthcare actuarial arena, specifically employer stop loss and health plan reinsurance. He will underwrite managed healthcare and employer stop loss accounts and assist in the maintenance of pricing programs and managed care network analysis.

Deborah Stubbs joined Summit Re on September 7 as a managed care specialist. She is responsible for providing consultative case management services to our clients, assisting our underwriters in the assessment of potential catastrophic claims and leading the managed care vendor selection process. Debbie also meets with clients and prospects to explain our value-added managed care services. Debbie was most recently the Manager - Training and Education for the utilization management department of Kaiser Permanente of the Mid-Atlantic States.

Buy Direct or Use a Middleman?

General News

Are you contacted relentlessly by reinsurance brokers? We believe in marketing directly to our customers, rather than through a middleman. The advantages of direct marketing include:

Direct contact with you enables us to do our own risk analysis to best match excess coverage to a plan's needs and objectives. This direct interaction is particularly important due to complex product structures and your evolving needs.

Field underwriting gives us a thorough understanding of the risk that you are assuming, rather than relying on a middleman for critical information.

Understanding your unique strategies and having direct contact with your management allows us to

match other products and services to your plan's needs.

Expense management is needed for long-term survival in a competitive managed care market. A typical broker commission adds 10 percent to premium costs.

Summit Re/GE Insurance Solutions is one of four major providers of HMO excess loss coverage, defined as carriers with over 10% market share each. Two of the four top reinsurers market directly. This means that if you use a broker and don't also access the direct markets like Summit Re independently of your broker, you will miss quotes from half of the major

reinsurers. Certain brokers may even be unable to access some broker markets because they have no relationship with the carrier. This reduces the broker's reach even further.

If you don't access the direct markets like Summit Re independently of your broker, you will miss quotes from half of the major reinsurers.

If you use a broker, nothing stops you from accessing the expertise of Summit Re as well. If you give us a chance to help you, you won't be disappointed.

GE Insurance Solutions: Rebranding GE's Employers Reinsurance

In September General Electric (NYSE: GE) announced it will unify the branding of its reinsurance and commercial insurance products and services as GE Insurance Solutions.

“The name change is significant, yet it’s the first step toward building a powerful brand,” said Ron Pressman, Chairman, President and CEO. “Our brand is our promise to our customers that they will get world-leading risk expertise from dedicated people who build strong relationships by delivering unsurpassed customer service.”

Pressman continued: “The foundations of our brand are in place. We’ve re-

tooled the organization by our strong customer relationships and rededicating ourselves to delivering the kinds of solutions our customers need to succeed in their markets. With more than \$50 billion in combined assets and \$7 billion in statutory capital, this business has never been stronger financially or strategically.”

The new brand name replaces Employers Re, GE Re, Frankona Re, Westport Insurance and nearly a dozen other go-to-market names. However, insurance and reinsurance risks will continue to be underwritten by the existing legal entities, whose legal names will not change. GE Global Insurance Holdings

is changing its name to GE Insurance Solutions Corporation.

The announcement of the new GE Insurance Solutions brand is part of an overall rebranding at GE, which is dramatically reducing its market-facing entities and names.

GE Insurance Solutions is a group of companies that protects people, property and reputations. With more than \$50 billion in combined assets, GE Insurance Solutions is one of the leading providers of commercial insurance, reinsurance and risk management services. More information is available at www.geinsurancesolutions.com.

A. M. Best Affirms ERC's Excellent Rating

Underwriting

The following comments are from a GE Insurance Solutions press release regarding a rating review by A.M. Best.

“The affirmation of Employers Re’s financial strength rating by A.M. Best reflects its excellent risk-adjusted capitalization, improving operating performance and its dominant market presence and distribution capabilities. With two years of improving underwriting results bolstered by asset sales and other capital management improvements, as well as significant third-party

aggregate stop loss protection, Employers Re has maintained capital in line with an A (Excellent) rating and has exhibited prospective long-term earnings capability stemming from its well diversified business platform. In addition, over the past two years the company has executed underwriting actions, implemented tighter underwriting controls

and has maintained its prominence in the worldwide reinsurance markets through its international distribution capabilities.”

“Employers Re has maintained capital in line with an A (excellent) rating..” A.M. Best

Healthcare.com: Fast and Accurate Underwriting

Underwriting

GE Insurance Solutions has developed a web-based rating and underwriting program that allows interactive communication

between Summit Re and GE Insurance Solutions. Healthcare.com uses a single entry source that helps eliminate errors and yields more efficient underwriting

capabilities. Customers benefit from quicker turn-around times on their quotes, as well as more accurate proposals and contracts.

Summit Perspectives

2004 Customer Service Survey: All responders recommend Summit Re

Service

Customer service is more than a buzzword to us—it is an integral part of who we are. Our annual customer service survey allows us to do our job better and ensures we're best meeting your needs. It also identifies any problem areas early so we can correct them!

Another sign of our service commitment is the establishment of service standards for each client interaction — such as underwriting, premium and claim administration and installation of managed care programs. We then report to every client how we've performed for them on these standards.

Overall, **claims are being paid within 9 days and contracts are being issued within 29 days** upon receipt of all required information. If we can take care of meeting your needs, we believe the needs of the rest of our stakeholders (reinsurer, employees and owners of Summit Re) will be met as well.

| | Very Satisfied or Satisfied | Neutral | Dissatisfied* |
|--|-----------------------------|---------|---------------|
| Quality of reinsurance coverage | 92% | | 8% |
| Implementation of your reinsurance | 100% | | |
| Helpfulness of your primary contact | 100% | | |
| Timeliness of claims reimbursement | 100% | | |
| Accuracy of claims reimbursement | 100% | | |
| Administrative forms and manuals | 85% | 15% | |
| Premium collection process | 92% | 8% | |
| Breadth of product solutions | 54% | 38% | 8% |
| Timeliness of solutions provided | 77% | 15% | 8% |
| Effectiveness of solutions provided | 62% | 30% | 8% |
| Managed care programs available | 50% | 50% | |
| Timeliness of requested return calls | 92% | 8% | |
| Overall satisfaction with Summit Re & ERC | 100% | | |
| All responders would recommend Summit Re/GE Insurance Solutions to another health plan. | | | |

*No respondents were "Very Dissatisfied" with any facet of our service.

Summit ReSources: Complement Your Managed Care Programs

Managed Healthcare

Catastrophic managed care programs need to complement rather than replace your programs. Summit Re and GE Insurance Solutions are dedicated to providing you protection from catas-

trophic claims. Together, we designed Summit ReSources, a program of managed care services whose goal is to bring value and service support in your management of catastrophic risk. In most situations, the managed care ex-

penses of vendors are treated as an eligible claim expense by ERC.

Our website (www.summit-re.com) has a complete listing of the programs which are available.



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*Helping Your Business
Reach New Heights*

Add Lives Under Management With Employer Stop-loss

Products and Services

Many employers turn to HMOs and other strongly managed care programs to control healthcare costs, while others look to the cost-control aspects of self-funding. HMOs that can offer administrative services to self-funded employers bring the best of both worlds.

To take advantage of this opportunity and to increase your lives under management, you need actuaries and underwriters equipped to understand this combination of funding and managed care savings. Summit Re's level of managed care experience sets us apart from others in the self-funded marketplace that experiment in the managed care world.

Key strengths that we bring to you include our ability to analyze managed care networks and develop customized specific and aggregate stop-loss rates uniquely reflecting your managed care capabilities. We have a flexible policy with numerous product options. We deliver excellent service in all regards, including underwriting, proposal turnaround time, premium, claim, and contract administration.

We use Companion Life Insurance Company, an A+ rated carrier, as the insurance company providing specific and aggregate stop-loss protection. You

may use your own TPA or contract with a TPA in the local market.

Summit Re can offer your sales and marketing staff a turnkey stop-loss program using Companion Life Insurance Company policy forms. Alternatively, we can work with you to use your own insurance company paper if available. Consulting services are available to help you place the business, to underwrite cases and to develop pricing and underwriting guidelines as well as manual rates.

Add self-funded employer lives under management with either a full service or a turnkey stop-loss program

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Reports Help You Manage Costs

Service

Important trends in your claim experience as well as potential utilization of appropriate managed care programs through Summit Re are available through our extensive management information reporting package. In addi-

tion to routine reinsurance claim explanations of benefits (EOB's), Summit Re offers a variety of claim reports regarding turnaround time, diagnosis and managed care vendor utilization savings.