

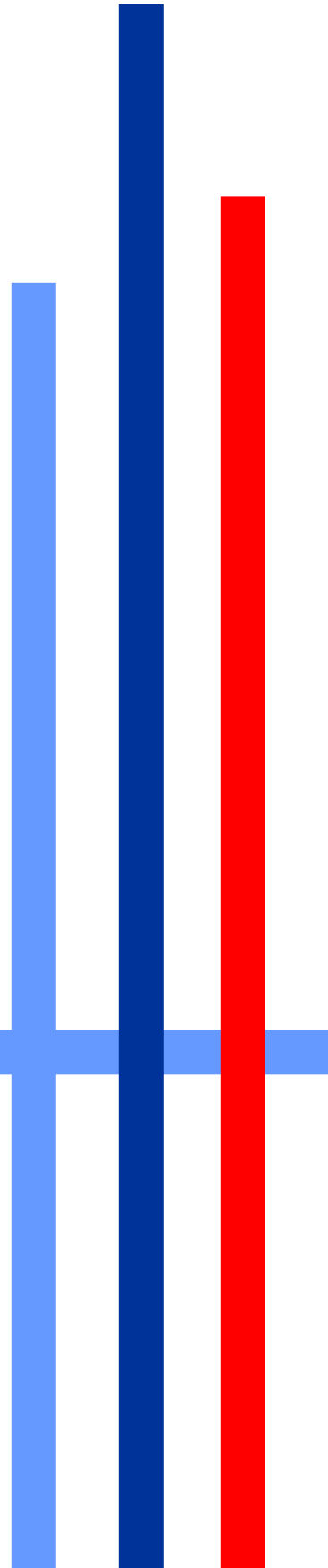
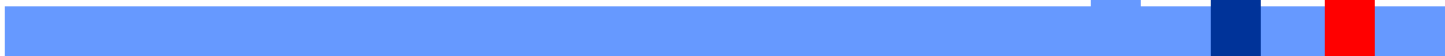


Dora

Department of Regulatory Agencies

Division of Insurance

2013 Colorado Excess Loss Data Report



Colorado Commissioner of Insurance
Marguerite Salazar

April 2014

Introduction

Beginning in 2014, in accordance with § 10-16-119, C.R.S. and Colorado Insurance Regulation 4-2-31, the Division of Insurance (Division) required carriers to report information related to the status of Colorado's Excess Loss marketplace for groups covering 100 or fewer employees. This information will be collected for calendar years 2013 through 2018.

Excess loss coverage, for the purpose of this report, means group policies providing coverage to a self-insured employer plans to insure against the risk that any one claim or an entire plan's losses will exceed a specified dollar amount.

Excess loss coverage is paid to the employer for the employer's separate, usually self-funded, health plan, for benefit payments made by the employer for its self-funded health care claims which exceed certain thresholds under Colorado law. This threshold (also known as the minimum retention) is:

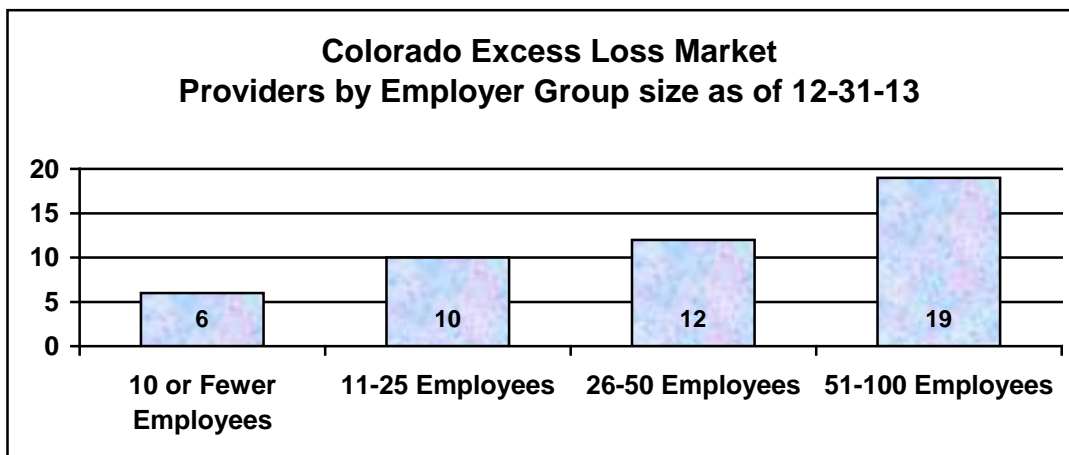
- \$20,000 per covered individual for an employer of less than 50 employees and \$15,000 per covered individual for an employer of 51 or more employees; and
- An annual aggregate threshold of the greater \$20,000 or 120% of expected claims for employers of 50 or less, and 120% of expected claims for employers of 51 or more.

All data in this report reflects market activity as of December 31, 2013.

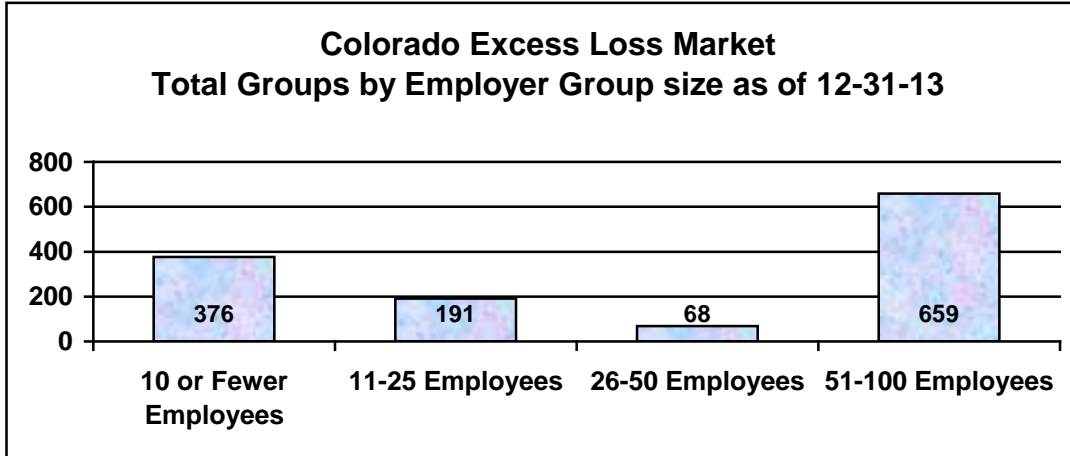
Key findings in this report

Participation in the Excess Loss Marketplace

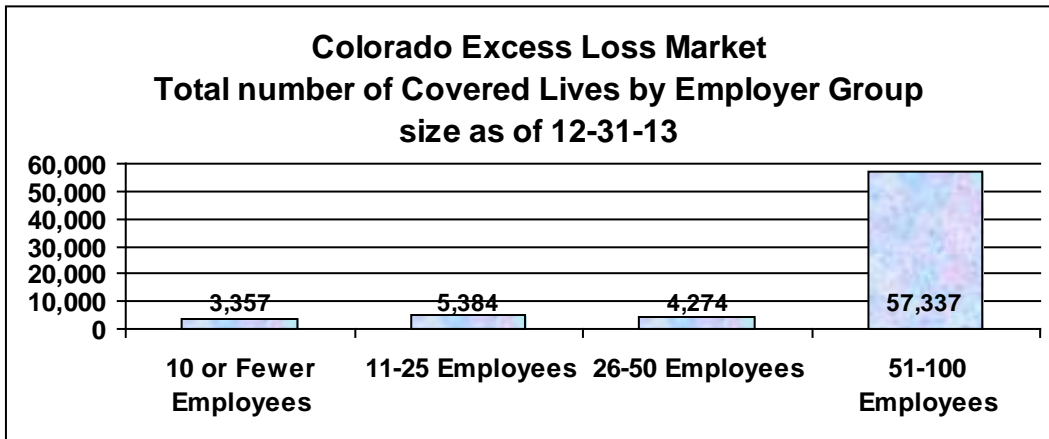
Currently there are 25 companies that provide excess loss coverage for groups of 100 or fewer employees. Not all 25 companies currently have groups in every size category shown below.



In 2013, there were a total of 1,294 groups with excess loss coverage that had 100 or fewer total employees. Of these, 50.9% were in groups with more than 51 employees, and 29.1% were in groups with 10 or fewer employees.



There were 70,352 lives covered by excess loss in 2013. The average number of employees per group for employers with 100 or fewer employees is 32.3 and the average number of covered lives per group is 54.3. The majority of covered lives (81.5%) fell into the 51-100 employees group category. In the smallest group category (10 or fewer employees), there were on average 4.9 employees per group and 8.9 total covered lives.



The vast majority of employers with excess loss coverage in 2013 are continuing prior year coverage. In aggregate, approximately 9% of employers are known to be new to the excess loss market. The number of employer groups with a previously unknown status is 13%.

	Employers previously self-insured with excess loss coverage:	Employers previously self-insured without excess loss coverage:	Employers previously not offering coverage:	Employers previously fully insured:	Employers previous status unknown:
10 or Fewer Employees	273	13	2	5	83
11-25 Employees	105	1	0	3	82
26-50 Employees	47	0	0	4	17
51-100 Employees	533	6	2	86	32
1-100 Employees	958	20	4	98	214

Conclusion

The information reported this year shows that small employers who had previously set up employee health plans using excess loss coverage continued this option to provide coverage for their employees. The percent of small employers which started using excess loss coverage in 2013 for their employee health plans is relatively small at less than 10% of the total. The proportion of small employers using excess loss coverage is concentrated among employers with 51 or more employees, at around 51% of employers and 82% of covered lives. It is interesting to note that employees of ten or fewer represent almost 30% of employers but less than 5% of covered lives.

Next year's data collection and report should provide the opportunity for more analysis of whether employers are choosing this alternative to provide their employees with health coverage.