



June 27, 2012

E-mail: E-OHPSCA-STOPLOSS.EBSA@DOL.GOV

Re: Request for Information Regarding Stop Loss Insurance

The Vermont Captive Insurance Association (VCIA) appreciates the opportunity to comment on the Request for Information (RFI) regarding Stop Loss Insurance issued by the Department of Labor, the Department of Health and Human Services, and the Department of Treasury. VCIA is the largest association for captive insurance companies in the world, with over 450 members from across the country.

The VCIA does not have specific data to answer questions raised in the RFI. That data would have to come from individual companies using stop-loss insurance, insurance companies, or organizations such as the Self-Insurance Institute of America. The VCIA does have members who use stop loss insurance and would like to offer some general comments about the use of stop loss insurance and its importance in providing liability coverage necessary for companies to properly manage risk and offer broader and more affordable health plans to their employees.

Stop-loss insurance is important to protect insureds from losses over an agreed-upon amount for many different lines of business, not just health insurance. Stop loss insurance, however, does play an important role in permitting companies of all sizes to provide health care benefits to their employees. Stop loss insurance, however, should not be classified as health insurance and should not be regulated as health insurance. As said previously, stop-loss insurance is a form of liability insurance that covers an employer in the case of liabilities that exceed an agreed-upon amount. To emphasize, stop-loss insurance insures employers, and, unlike health insurance where employees are paid for their health-care costs, stop loss insurance pays employers for their losses above an agreed-upon amount.

With regard to your question number 2 about attachment points, we are not aware of any common attachment points. Many factors are used to determine an attachment point, including number of employees, the group's loss experience, and underwriting practices, among other considerations. The National Association of Insurance Commissioners (NAIC) has looked at stop-loss insurance used to cover excess liability of employers and has adopted a model law (Model Act 92-1). The attachment points in the model law are high enough for stop-loss insurance not to be considered health insurance.

Thank you for considering our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Smith". The signature is written in a cursive style with a large, looped initial "R" and a distinct "S" at the end.

Richard Smith
President