

AGGREGATE ACCOMMODATION Explained

Aggregate Accommodation is a supplement to the Aggregate Contract designed to protect the plan during months where claim activity may be inordinately high. It is intended to provide for a maximum monthly exposure when the plan is fully funded. RAPID RESPONSE Aggregate AccommodationSM from Certus Management Group (CMG) allows for quick reimbursement (within 72 hours of receipt of request) when claims exceed the greater of the accumulated minimum attachment point or the accumulated true attachment point.

THE FOLLOWING IS AN EXAMPLE OF AGGREGATE ACCOMMODATION OVER A PLAN YEAR:

Accumulated Attachment			Paid Claims		
Month	Minimum	True	Monthly	Accumulated	Accommodation Payment
1	30,000	30,000	15,000	15,000	0
2	60,000	63,000	21,000	36,000	0
3	90,000	96,000	42,000	78,000	0
4	120,000	126,000	42,000	120,000	0
5	150,000	159,000	60,000	180,000	21,000
6	180,000	195,000	60,000	240,000	24,000
7	210,000	231,000	30,000	270,000	0
8	240,000	261,000	30,000	300,000	0
9	270,000	291,000	30,000	330,000	0
10	300,000	321,000	30,000	360,000	0
11	330,000	351,000	30,000	390,000	0
12	360,000	381,000	30,000	420,000	0

In this example, the true attachment point applies because it is greater than the minimum (representing an increasing enrollment in the plan). The accumulated paid claims surpass the accumulated true attachment point in the fifth month, and the plan receives an accommodation of \$21,000. The following month the accumulated paid claims exceed the accumulated true attachment point by \$45,000. Since the group has already received \$21,000, they will receive an additional accommodation of \$24,000. If the plan is fully funded for the remainder of the year, there will be sufficient funds each month to cover claims. At the end of the plan year, the accumulated paid claims total is again compared to the greater of the minimum and true attachment points. If the total of accommodation payments received by the plan during the policy exceeds the difference between the paid claims figure and the aggregate attachment point, the plan must repay the amount over the difference. In our example, the plan must repay \$6,000 to Certus Management Group.

AGGREGATE ACCOMMODATION YEAR-END ACCOUNTING	
Total Aggregate Paid Claims	\$420,000
Less: Greater of Minimum or True Attachment Point	-\$381,000
Subtotal:	\$39,000
Less: Previous Accommodation Payments	-\$45,000
Excess Accommodation to be Repaid	(\$6,000)