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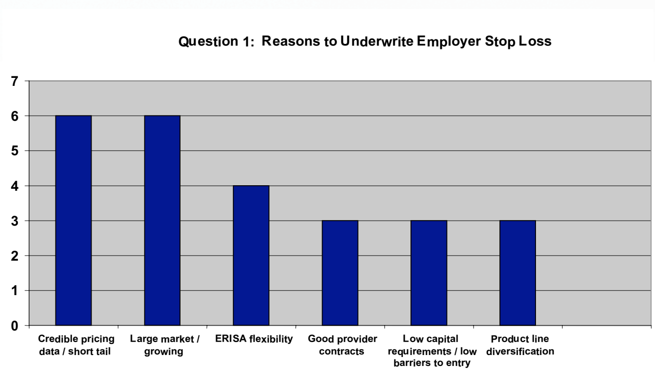
Our Survey Says:

By Mark Troutman

Summit Re conducted a survey in the spring of 2007 among 12 nationally recognized employer stop loss carriers to determine their views on top issues in the employer's stop loss marketplace. The following charts and commentary describe their responses.

The first question was why insurance carriers choose to provide employer stop loss. There are many reasons why insurance carriers offer employer stop loss coverage (and other reinsurers support them via additional capacity). Although the size of the marketplace is only a small fraction of the total commercial medical market, it is the largest medical excess marketplace (estimated at $4-5 billion). It's a large and growing market. There are over 50 million commercial members in this marketplace, which belong to self-funded employee benefits programs. Over 50% of employee and dependents enrolled in commercial plans work for companies that self-fund their employee benefits. There are over 400 third party administrators (TPAs) that provide administration for these types of employee benefit programs. Membership in such plans also is growing.

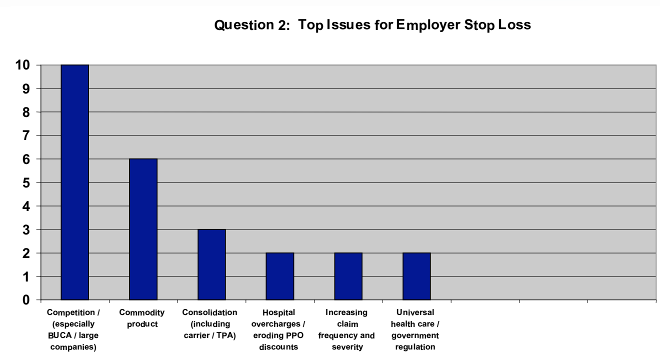


Most of the industries leading health care insurance carriers such as Blue Cross/Blue Shield, United Health Care, SIGNA, Aetna, Humana, Wellpoint, Healthnet and Coventry all report significant growth in self-funded programs. Carriers like the fact that there is credible pricing data for this short tail line. The ERISA exemption provides flexibility for the underlying benefit program, and this advantage continues for catastrophic claims being reimbursed by the insurance coverage provided to the self-funded employer group.

Employer stop loss can act as a significant product line diversification with low capital requirements to the insurance carrier relative to other longer tail and more volatile property and casualty lines of business. Carriers like the diversification offered by an employer stop loss program particularly those in the longer tail P and C lines. The product line also allows a managed care plan or insurance carrier to capitalize on their medical capabilities and provider contract networks in a significant segment of the employee benefits marketplace.

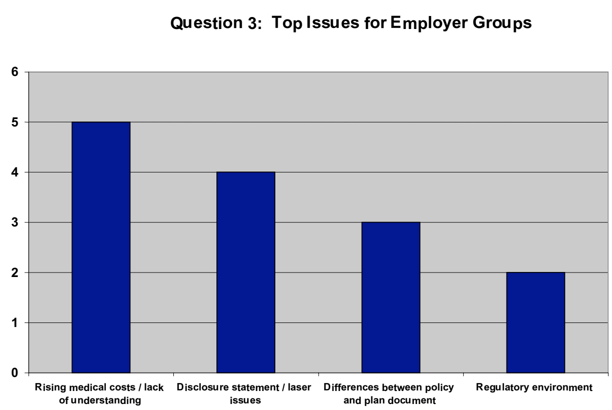
The second question was what are the current issues faced by employer stop loss insurance carriers. The main concern in underwriting results is the ever-increasing claim severity and frequency and fact that PPO discounts erode quickly. Discounts are level or even increasing, but the charges are increasing much faster, creating leveraged trend increases on employer stop loss insurance premiums.

There is the continual threat of nationalized health care as the proposed solution to a health care system that more and more view as broken. Other top issues for companies writing employer stop loss currently are its increasingly competitive nature (although cyclical) and the fact that it's often viewed as a commodity product by the employers, brokers and TPA's that purchased it. There is some consolidation in the marketplace as large chains (primarily Blue Cross/Blue Shield, United,



CIGNA) acquire smaller local and regional managed care plans. The third question was regarding top issues for employer groups, as perceived by the insurance carriers providing them with employer stop loss insurance protection. The largest issue is the rising cost of health care and the need to make sure that the employer's ERISA plan document and employer stop loss insurance policy for specific aggregate claims mirror one another to the greatest extent possible so that there are no gaps or differences in coverage between the insurance policy and the underlying ERISA plan document.

In addition, employers and their Third Party Administrators (TPAs) must carefully review disclosure statements at the time of binding such coverage to review any 'lasering' to individuals to fully understand what risk they retain to effect coverage for their employee benefits programs as evidenced by their ERISA plan document. Lasering practices are most prevalent in this market. 'Lasering' is an additional deductible on a stated person or persons with high expected claims in lieu of charging an additional employer stop loss premium. Once again, there is the issue of government intervention either via modification of ERISA, institution of premium assessments and/or nationalized health care.



Respondents were allowed to list up to three (3) answers to each question. The enclosed charts provide a graphical representation of the carrier responses. All things considered, many things remain the same. Employers and insurers continue to grapple with rapidly escalating health care costs in their employee benefit plans and the fully insured or employer stop loss policies providing insurance coverage for these healthcare liabilities.

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