



# STOP LOSS INSURANCE POLICY

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**Alliant Health Plans, Inc.  
201 W. Waugh Street  
Dalton, Georgia 30722**

*(A Stock Company herein called Alliant)*

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This Policy will be construed in accordance with the law of the jurisdiction in which it is delivered.

In consideration of premium payments by the Insured in the amounts and at the times provided, Alliant agrees with the Insured to provide insurance in accordance with the Policy terms.

For the purpose of effective dates and termination dates under this Policy, all days begin and end at 12:00 midnight.

This Policy is non-participating.

In Witness Whereof, Alliant Health Plans, Inc. has signed this Policy at Dalton, Georgia.

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Mark Mixer, President and CEO, Alliant Health Plans, Inc.



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Alliant Health Plans, Inc.  
201 W. Waugh Street  
Dalton, Georgia 30722

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**Section 1. Declarations**

**STOP LOSS INSURANCE POLICY FOR:**

**INSURED:**

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**POLICY NUMBER:**

SL-\_\_\_\_\_

**POLICY EFFECTIVE DATE:**

\_\_\_\_\_

**DATE OF ISSUE:**

\_\_\_\_\_

**POLICY DELIVERED IN:**

\_\_\_\_\_

*Attach copy of Final Quote*

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## Section 2. Insuring Agreement

Alliant will reimburse the Insured for Eligible Claim Expenses during a Policy Year, which are in excess of any of the following:

- (a) the Aggregate Stop Loss Amount;

Such payments are hereafter called Stop Loss payments.

In no event will Stop Loss payments in any Policy Year for Eligible Claim Expenses in excess of the Aggregate Stop Loss Amount exceed the Maximum Annual Aggregate Stop Loss Payment Amount shown in the Schedule of Insurance.

## Section 3. Definitions

1. "Aggregate Stop Loss Amount" is the total dollar amount of Eligible Claim Expenses which must be paid by the Insured for all Participants during the Policy Year before Aggregate Stop Loss benefits are payable. It is determined at the end of the Policy Year and is based on: the sum of each month's number of eligible employees reported to Alliant multiplied by the Stop Loss Factor(s). The Aggregate Stop Loss Amount does not include claim payments made during a Policy Year on behalf of a Participant in excess of the Individual Stop Loss Amount set forth in the Schedule of Insurance or any amounts reimbursable to the Insured as Individual Stop Loss payments.
2. "Aggregate Stop Loss Factor(s)" are based on expected claims times the Aggregate Stop Loss Percentage, divided by the expected number of employees at the beginning of the Policy Year, divided by the number of months in the Policy Year.
3. "Aggregate Stop Loss Percentage" means the percentage amount (e.g., 10%) above expected paid claims (e.g., 110%).
4. "Contract" means Administrative Services Agreement, an Agreement between the Insured and Alliant.
5. "Contract Basis" establishes the time period during which Eligible Claim Expenses must be incurred by a Participant through the Plan and the time period during which those expenses must be paid by Alliant in order for those Eligible Claim Expenses to be included in the calculation of benefits under this Policy.
6. "Covered Benefits" are the benefits provided for Participants by the Plan as indicated on the Schedule of Insurance.
7. "Eligible Claim Expenses" are expenses for Covered Benefits that are paid by the Insured pursuant to the Plan and are not excluded under the terms of this Policy. Payment for Eligible Claim Expenses is considered to be paid as of the date the payment instrument is issued by Alliant.
8. "Employee" means a U.S. based employee of the Insured who is regularly working at least 20 hours per week and for whom the Insured is deducting any required U.S. FICA taxes.
9. "Experimental and Investigational" means a drug, device, procedure, or treatment that Alliant determines is not accepted as standard medical treatment of a condition or illness.
10. "Individual Lifetime Stop Loss Payment Amount" means the maximum amount of Eligible Claim Expenses funded by Individual Stop Loss under this Policy on any one Participant during his/her lifetime. In the event the Eligible Claim Expenses funded by Individual Stop Loss reach the Individual Lifetime Stop Loss Payment Amount, all subsequent Eligible Claim Expenses for that individual will be funded by the Insured.

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## Section 4. Exclusions

The following are not included as Eligible Claim Expenses:

1. Expenses paid on the direction of the Insured that Alliant determines are not payable under the Contract in accordance with Alliant's then current standard claim practices established for insured group accident and health insurance plan administered by Alliant. This includes expenses for services or supplies which are not Medically Necessary or expenses for drugs, treatment, services or supplies which are considered Experimental or Investigational.
2. If the Insured has valid and collectible insurance, reinsurance or indemnity or any reimbursement agreements covering a loss also covered by this Policy, the insurance afforded by this Policy shall be in excess of and shall not contribute with such other insurance, reinsurance or indemnity.
3. Expenses incurred by an individual who is not a Participant under the Plan when the expense is incurred.
4. Expenses paid with respect to an employee and his/her dependents who did not enroll in accordance with the terms of the Plan, until such time as they are enrolled in accordance with the terms of the Plan.
5. Expenses that are incurred prior to the Effective Date of this Policy unless otherwise specified in the Summary Plan Description.
6. Expenses paid with respect to a Participant following termination of coverage under the Contract with respect to a class of employees and their dependents that includes the Participant. A class of employee may mean a specific location, division, salaried, hourly, retiree or other employee designation that requires distinct and separate structure in Alliant's claim system.
7. Benefits paid for expenses incurred for treatment of an illness or injury for which a Participant is entitled to Benefits under any Workers' Compensation law, occupational disease law or under any other legislation of similar purpose.
8. Expenses paid for Covered Benefits not listed on the Summary Plan Description.
9. Expenses for taxes, fees and surcharges that may be imposed on the Plan by any government body.
10. Benefits paid with respect to retired employees and their dependents.
11. Expenses for any other benefits which the Insured and Alliant mutually agree will not be subject to the Stop Loss insurance.

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## Section 5. Conditions

### Premiums

The first Policy Year's monthly premium rate is shown in Section 2. Insuring Agreement.

**Premium Calculation:** An estimated premium will be calculated which will be payable on a monthly basis or any other basis mutually agreed upon by the Insured and Alliant. The estimated premium will be based on the Premium Rates shown in the Insuring Agreement and the estimated number of employees. A final funding quote is attached in Section 1. Declarations.

**Premium Payments:** Alliant will issue a Stop Loss premium invoice for the payment of estimated premium. Within 180 days following the end of each Policy Year, Alliant will prepare and submit to the Insured a financial accounting as to the total actual premium for that Policy Year. The total actual premium will be the sum of the products, for each month of that Policy Year, of:

- (a) the Premium Rate(s), times
- (b) the number of employees.

**Right to Recalculate:** Alliant reserves the right to make adjustments in the premium rate or the estimated premium on the first day of any Policy Month, as of the date any of the following events occur:

- (a) any change of 10% +/- in the number of employees;
- (b) any change in the coverage or types or amounts of benefits offered under the Plan which will change expected cost of coverage;
- (c) any change in this Policy;
- (d) any addition or deletion of a unit, division, subsidiary, affiliated or associated company from this Policy; and
- (e) any other change in factors bearing on the risk assumed (including but not limited to: age, sex, geographic changes, occupations etc.) which Alliant determines change the nature of the risk by more than 10%.

Failure to adjust the Premium Rate or the estimated Premium during a Policy Year will not preclude making an adjustment during any subsequent Policy Year.

If the total actual Premium (determined at the financial accounting) is less than the amount of estimated premiums paid, the difference will be paid to the Insured at the time the accounting is submitted. If the total actual Premium exceeds the amount paid, the difference will be paid to Alliant within 31 days of the date the accounting is furnished to the Insured.

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## Aggregate Stop Loss Factor

Alliant reserves the right to make adjustments in the Stop Loss Factor as of the date of any change in the Plan or as of the date of any other change in factors bearing on the risk assumed, including but not limited to:

- (a) a 10%+/- change in the census estimate used to calculate the Stop Loss Factor;
- (b) any change in the coverage or types or amounts of benefits offered under the Plan which will change expected cost for coverage.
- (c) any change in this Policy;
- (d) any addition or deletion of a unit, division, subsidiary, affiliated or associated company from this Policy; and
- (e) any other change in factors bearing on the risk assumed (i.e., age, sex, geographic changes, occupations etc.) which are expected to change the nature of the risk by more than 10%.

Failure to adjust the factor during a Policy Year will not preclude making an adjustment during any subsequent Policy Year.

## Modification of Policy

Changes in this Policy may be made by written mutual agreement between Alliant and the Insured.

## Optional Policy Renewal

The Policy will renew on the Policy anniversary date, upon the Insured's acceptance of the renewal terms, unless it has otherwise terminated or is subject to termination in accordance with the Termination provisions. Changes to Section 2, Schedule of Insurance, for each Policy Year after the first shall be indicated in a written notice sent to the Insured and shall be effective on the date stated in such notice.

## Stop Loss Payments

Alliant will make payment, not later than 180 days after the end of each Policy Year to or on behalf of the Insured of the Stop Loss payment due under the terms of this Policy. The amount of any premiums due but unpaid may be deducted from the Stop Loss payment otherwise payable to the Insured. A withhold amount may be retained for claims received between the beginning of the 181st day after the end of the Policy Year through the last day of the year following the Policy Year. This right will not prevent the termination, of this Policy, for non-payment of premium under the Termination provisions of this Policy.

## Subrogation/Right of Recovery

The Plan is required to include a comprehensive provision for subrogation/reimbursement in its Summary Plan Description and the Plan must pursue enforcement of this provision. Should the Plan fail to pursue any claims or action against a responsible party, then Plan Sponsor agrees that Alliant shall be subrogated to or assigned Plan Sponsor's reimbursement rights and shall assume the Plan's rights to pursue any claims against any and all parties and the Plan will be responsible for any reasonable expenses incurred in the pursuit of such claims, including the fees and costs charged by any contracted subrogation vendor or attorney and any additional legal costs. Alliant has the right to pursue any and all claims covered under this Policy and paid by the Plan and to pursue recovery, in the name of the Plan, of the entire claim, including both the portion of the Plan benefits for which the Plan has been paid under this Policy and the portion of the claim consisting of benefits paid by the Plan but not payable under this Policy.

The Plan must notify Alliant within 30 days of receiving any information that may give rise to the Alliant's subrogation rights. Further, the Plan shall cooperate fully with Alliant and do all things necessary and required for Alliant to pursue any action to recover against a responsible party. The Plan may not take any action, or neglect to take any action, that will prejudice or impair the rights of Alliant to pursue recovery from any other responsible party. The Plan may not, without consent of Alliant, settle or give release for any claim to any other party if doing so would impair or prevent Alliant from exercising its rights of recovery.

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Alliant is entitled to recover first, in full, any amount paid by Alliant under this Policy as well as any expenses of collection incurred by Alliant, before the Plan shares in any amount so recovered. Alliant will reduce its recovery amount by a pro rata share to reflect the Net Recovery obtained by the Plan. Net Recovery is the gross amount recovered by the Plan, less such factors as costs incurred by the Plan in obtaining the recovery, comparative fault issues involving the Plan member or factors involving the Plan member's inability to fully recover for their injuries. In the event Alliant recovers an amount greater than its reimbursement, the excess, reduced by the costs to obtain the recovery, will be returned to the Plan. If the Plan recovers any such payment from a responsible party, the recovered amount cannot be used to satisfy any retention requirement, Individual or Aggregate Stop Loss Specifications noted on the final funding quote, until Alliant's recovery rights are satisfied.

If the Plan receives a recovery prior to Alliant reimbursing any covered expenses under the Policy, the Plan must deduct the amount of such recovery from any reimbursement request. If the Plan receives a recovery after Alliant has made payment to the Plan for some or all of a particular claim, then the Plan must reimburse Alliant to the full extent of the payment by the Alliant, less a pro rata reduction to reflect the Net Recovery obtained by the Plan. Net Recovery is the gross amount recovered by the Plan, less such factors as costs incurred by the Plan in obtaining the recovery, comparative fault issues involving the Plan member or factors involving the Plan member's inability to fully recover for their injuries. The obligation of the Plan to reimburse Alliant remains, regardless of whether this Policy is still in force on the date of recovery, and such reimbursement to Alliant must occur within 30 days of any recovery by the Plan or Plan Sponsor. The Plan shall account to Alliant for all amounts recovered. These rights and obligations imposed on the Plan and Alliant under this section shall survive termination of the Policy.

## **Stop Loss Overpayments**

If Alliant determines that the Insured has been overpaid due to a claim credit which may be the result of a Coordination of Benefit change, a Subrogation Recovery, Audit and/or billing/payment error, the Insured will promptly refund such overpayment to Alliant. If this Policy terminates, any reimbursements made for claims paid by the Insured after the date of termination will immediately be refunded to Alliant. If the Insured fails to refund any overpayments to Alliant in a timely manner, Alliant reserves the right to obtain such overpayments from future payments due under this Policy.

## **Termination of Policy**

Alliant may terminate this Policy on any Policy anniversary date by providing at least 30 days prior written notice to the Insured. The Insured may terminate this Policy on any premium due date by providing at least 30 days prior written notice to Alliant. The Policy may also be terminated on any date mutually agreed to by Alliant and the Insured.

If the Insured does not comply with any terms and conditions of the Policy, including but not limited to providing required reports or other information reasonably requested by Alliant, Alliant reserves the right to terminate the Policy effective on the date of any such failure.

This Policy shall also terminate automatically upon the occurrence of any of the following:

- a. If the Insured fails to pay any monthly premium in full within the Grace Period, this Policy will terminate as of the due date shown on the invoice.
- b. If the Contract terminates, this Policy will terminate on the same date and at the same time that the Contract terminates.
- c. If the Insured fails to meet the underwriting requirements established by Alliant, including but not limited to the minimum number of 2 Employees, the Policy will terminate as of the first of day of the first month following the date the underwriting requirement was not met.
- d. If the Insured fails to pay claims under the Plan or make available funds to pay claims as required by the Plan, the Policy will terminate on the first day that the Insured failed to fund benefits.

## **Reports**

The Insured shall furnish Alliant with all information necessary to carry out the provisions of the Policy.

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## **Inspection and Audit**

Alliant shall be permitted to inspect the Insured's records pertaining to the Contract at any reasonable time during the effectiveness of this Policy and within three years after termination of this Policy, to the extent that they relate to the premium basis or Eligible Claim Expenses under this Policy.

## **Fraud**

This entire Policy will be void if, whether before or after a claim or loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this Policy or the subject of this Policy, including any claim under this Policy, or in any case of fraud by the Insured relating to this Policy.

## **Incontestability**

The validity of this Policy shall not be contested, except for non-payment of premium, after it has been in force for two years from the Policy Effective Date.

## **Liability and Indemnification**

Alliant has neither the right nor the obligation under this Policy to directly pay any Participant or provider of covered services for any benefit the Insured has agreed to provide through the terms of the Plan(s). Alliant's sole liability under this Policy is to the Insured, subject to the terms, conditions, and limitations of this Policy.

## **Assignment**

Assignment of interest under this Policy shall not bind Alliant without its written consent.

## **Notice of Actions**

The Insured agrees to give Alliant prompt notice of any event or development which might result in an action at law or equity related to this Policy and to forward promptly to Alliant copies of any pleadings and reports of investigation that Alliant requests. A copy of any document filed by or against the Insured in any court in connection with such litigation under the Plan must immediately be furnished to Alliant.

The Insured shall pay all attorneys' fees, expenses of experts and investigations, and any damages (including exemplary or punitive damages payable by Alliant in connection with any litigation in which Alliant shall, without Alliant's fault, become involved through or on account of this Policy or the Plan.

If any time limitation in this Policy is less than that permitted by the law of the state in which the Application was taken, the limitation is hereby extended to agree with the minimum period permitted by the law.