

Bridge Program

This is the name of a marketing program of one of our agents, Nick Floyd. What it is, from LICOA standpoint, is an Excess Loss product. Mr. Floyd works with employers to help them save money on their major medical insurance generally by moving them to a higher deductible plan. He then works with them to develop a health reimbursement plan to cover these deductibles. Rather than risk all of the premium savings from the higher deductible major medical coverage on the new health reimbursement program they purchase an Excess Loss policy from us. Once the employer's cost for the reimbursement program reach a certain point then we will pay any additional claims. We retain 7.5% of these fees as a commission. The rest is set up as a liability to cover any losses and to pay commissions. These are one year contracts with a 24 month payout period. That is, the employer pays premiums for 1 year and any claims started during that year have an additional 12 months of payout. Each employer has a policy and the experience of that policy is reviewed monthly to determine if a claim is to be paid by LICOA. However, for commission purposes all policies issued from October 1 to September 30 are grouped together. The commission is paid out in installments rather than in a lump sum. The experience of the group of policies is reviewed at the end of the 12th, 18th, 24th and 36th months. After adjusting the experience for claims and expenses a percentage is paid out at the end of these periods and the cumulative percentage is 25%, 50%, 80% and 100%.