

EXAMPLE

Underwriting terms:

MHD with 80% Aggregate & 10% Specific Stop Loss

Year One

Deposit	100,000	
Safety Net Cover	30,000	
Net Fund	70,000	
		56,000
Contribution from fund towards treatment costs		
End of year fund	14,000	
Plus interest earned @ approx 5%	<u>700</u>	compound
Fund carried forward	14,700	

Year Two

Fund from Year One	14,700	
Additional Fund required	85,300	
Safety Net Cover	30,000	
Net Fund	70,000	
		56,000
Contribution from fund towards treatment costs		
End of Year fund	14,000	
Plus interest earned	<u>700</u>	
Fund carried forward	14,700	

Year Three

Fund from Year Two	14,700	
Additional Fund required	85,300	
Safety Net Cover	30,000	
Net Fund	70,000	
		56,000
Contribution from fund towards treatment costs		
End of Year fund	14,000	
Plus interest earned	<u>700</u>	
Fund carried forward	14,700	

TOTAL COST OF SCHEME FOR THREE YEARS:

IPT @ 5% (on Insurance costs on

Year One	100,000	750
Year Two	85,300	750
Year Three	85,300	750
Total	270,600	2250
Less fund balance	14,700	
Net Cost	255,900	

ACTUAL COST FOR CONVENTIONAL INSURANCE		IPT @ 5%
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Not including claims related premium increases

Year One	100,000	5000
Year Two	100,000	5000
Year Three	100,000	5000
Total	300,000	15000

NET SAVING ON SCHEME OVER THREE YEARS:		
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Purchased insurance	300,000	
Net cost of scheme	255,900	
Net three year saving	44,100	PLUS £12,750.00 IPT