

Overview of Differences between Admitted (U.S.) versus Non Admitted (Surplus Lines) Carriers:

As an independent brokerage agency offering special risk health, life and disability insurance globally, we realize not just one plan will meet everyone's particular needs, thus why we offer choices (not unlike the way Wal-mart offers several brands and styles of coffee makers, clothing, etc). The options we provide are considered in the industry to be of the top-rated special risk carriers in the world with A ratings, whether US carriers or Surplus Lines carriers (to be distinguished in detail below). The simple fact is that not all our clients want the most expensive plan available, as many will base their decisions 80% of the time on a lower premium cost (up front cost to buy the plan). This might be similar to how a person shops for the coffee maker I alluded to earlier. A basic model may work for a person most of the time.

One important point is that I hate comparing buying a coffee maker to buying health, life or disability insurance. It is easy to get another coffee maker, but not so easy to get another health insurance plan, especially if you find the plan you are on will not cover certain pre-existing ailments or conditions or other possible exclusions that are always outlined in the policies prior to the consumer purchasing them. We would hope our clients (YOU) are fully informed, educated and aware of the issues at hand regarding what questions and scenarios are important to the longevity of your insurance needs. We recommend that if there is any concern or questions, that you contact one of our licensed brokers to assess your needs and from that a sound decision can be recommended.

Many of the programs in the marketplace today are from the Surplus Lines side of the equation -- that being typically underwritten by Certain Underwriters through Lloyds of London, etc. For many scenarios, especially for those "non-US resident / non-US citizens" or US residents residing in an unapproved state, the Surplus Lines programs are typically the only choices available (US admitted programs are NOT available to non-US citizens / residents). For those US residents / citizens (including non-US citizens actually residing in certain US approved states or regions), **they are eligible for the Admitted carrier programs** as well. It then becomes a matter of weighing the options and considering the individual circumstances of the case as to whether an individual or family chooses to go with the Admitted vs. Non-Admitted (Surplus Lines program). For all intents and purposes, it is our strong recommendation that if you are eligible for an Admitted / U.S. insured program, then you really need to be looking at those options first.

To begin, Admitted policies are approved by U.S. regulators and the policy definitions & contract wording need to conform to strict standards set forth by U.S. regulators, state by state (there are a few states in the US -- ie; NY for one -

- that are very strict and may not even allow certain US insurance companies to provide insurance in that particular state). Non-admitted carriers (ie; Surplus Lines like Lloyds of London, etc) are not required to follow any particular US or State regulations. One case in point, the Pre-existing language can be very different between an Admitted and Surplus Lines health insurance program. As a result, admitted wording tends to be more consumer friendly. Even though you may very well pay more for an admitted plan, it could end up being that you could, in certain circumstances, pay more in the long run, especially if you thought your pre-existing ailment or condition would be covered under your plan and it turns out it is excluded due to specific language or exclusionary riders placed on the policy prior to your acceptance in the program.

The point here is that the least expensive insurance policy could be the policy that does not cover a particular claim, especially when dealing with pre-existing conditions. We recommend that all our clients review each policies brochure and certificate wording prior to binding coverage, to see what the exclusions and benefits are exactly. If there are any issues noted within the exclusionary wording of the policy or if you have a condition that might warrant you needing stronger language to cover your pre-existing condition, we recommend reviewing those products we offer that follow U.S. regulatory guidelines or to contact one of our broker / agents directly to help assess your situation.

Examples of Admitted vs Non-Admitted Pre-existing Condition Definitions & Policy Wording

FACT - Pregnancy (no matter how far along you are) IS a pre-existing condition & NO insurer will ever be willing to offer you Pregnancy insurance after the fact, let alone offer ANY health insurance while pregnant.

See below for actual policy wording. The non admitted (Surplus Lines) wording leaves the customer potentially exposed. Imagine buying a policy and 18 months later you begin to experience chest pain and shortness of breath. You discover that you have a blockage in your arteries and require heart bypass surgery. Under an admitted policy, the expense associated with this surgery would be covered. Under a non-admitted plan (Surplus Lines) this claim ***could be denied*** because with reasonable medical certainty your arteries have been closing over time. *It could be argued with reasonable medical certainty* that this condition manifested itself slowly over time (any time). Under a non admitted (Surplus Lines) policy it is irrelevant that the patient was not experiencing any symptoms prior to the policy effective date.

U.S. / Admitted Definition of Pre-Existing Conditions:

Pre-existing Condition means a medical condition for which medical advice, diagnosis, care, or treatment was recommended or received during the 6 months immediately preceding the Eligibility Date.

Non Admitted (Surplus Lines) Definition of Pre-Existing Conditions (definitions may vary slightly from one carrier to the next):

Pre-existing Condition: Any Illness, Injury or Mental or Nervous Disorder that, with reasonable medical certainty, existed on or at any time prior to the initial effective date of this insurance, whether or not previously manifested or symptomatic, diagnosed, treated or disclosed on the Application or any Claim Form or otherwise, including any chronic, subsequent or recurring complications or consequences associated therewith or arising or resulting there from.

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Admitted Exclusion Language:

Pre-existing Conditions Exclusion

Benefits are not available for any service received: (1) on or within 6 months after the Eligibility Date of an Insured Person who is not a late enrollee or (2) on or within 6 months after the Effective Date of Coverage for a Late Enrollee, if those services are related to a Pre-existing Condition. This exclusion does not apply to a Newborn who is enrolled within 31 days of birth or a newly adopted child who is enrolled within 31 days from either the date of placement of the child in the home, or the date of the final decree of adoption. In addition, the insurer will credit time an Insured Person was covered by Creditable coverage that was in effect up to a date no more than 63 days before the effective Date of Coverage under this plan, excluding the Waiting Period.

This limitation does not apply to the Medical Evacuation, Repatriation of Remains and Bedside Visit Benefits.

Non Admitted (Surplus Lines) Exclusion Language:

Pre-existing Conditions Exclusion

Charges resulting directly or indirectly from or relating to any Pre-existing Condition are excluded from coverage under this insurance until the Insured Person has maintained coverage under this insurance plan continuously for at

least twenty four (24) months and thereafter such Charges are limited in coverage to \$5,000 per Period of Insurance (\$50,000 lifetime maximum).

- Note: you may also find that if a carrier accepts you under the program they can very well still attach exclusionary riders to the policy for anywhere from 6 months to forever. Be aware of noting the rider exclusions (if any).

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