

# BCS INSURANCE COMPANY

## EXPERIENCE REFUND ENDORSEMENT

Policyholder: **City of Ann Arbor**  
Policy Number: **ESL-30386**  
Endorsement Effective Date: **1/1/2023**  
Policy Period: From: **1/1/2023** To: **12/31/2023**

In consideration for the Specific Stop Loss Coverage Rate(s) Per Month shown in the Schedule, the Policy will be revised with the addition of this Experience Refund Endorsement.

### **I. DEFINITIONS**

As used in this Endorsement, the following Definition has been added.

**Deficit Carried Forward** means the total negative balance, if any, resulting from the prior Policy Period Experience Refund calculation.

### **II. PROVISIONS**

#### **1. EXPERIENCE REFUND**

If the Company issues the Policyholder a Policy/Schedule that provides insurance for the subsequent Policy Period, and the insurance is continuous from the first day of the subsequent Policy Period through the end of the subsequent Policy Period;

The Company will pay the Policyholder an Experience Refund of up to 25% of Net Profit, if

- a. the gross premium due and paid for the Specific Stop Loss insurance for the Policy Period is not less than \$400,000; and
- b. Net Profit calculation is a positive balance.

The Experience Refund shall not exceed an amount equal to 15% of the Stop Loss Insurance premiums not including broker commission.

#### **2. NET PROFIT**

Net Profit is calculated as:

- a. 60% of the sum of all premiums, not including broker commission, paid by the Policyholder for the Specific Stop Loss insurance for the Policy Period; minus
- b. the sum of all Specific Stop Loss insurance claims for the Policy Period, minus any Deficit carried forward.

#### **3. CALCULATION OF REFUND**

The Company will calculate and send to the Policyholder, the Experience Refund, if due nine (9) months after the end of the Policy Period. The Policyholder may elect, as an option, a premium credit in the amount of the Experience Refund in lieu of payment.

If Specific Stop Loss insurance claims are Paid after an Experience Refund has been paid to the policyholder, and such claims relate to the Policy Period for which the Experience Refund has been paid a new Net Profit will be calculated and the Policyholder will; reimburse the Company for any reduction in the Experience Refund within thirty (30) days after written notice by the Company. The Company may, at its option be reimbursed for any reduction on a previously paid Experience Refund by subtracting the reduced amount from any future payable claim.

All other provisions of the Policy remain unaffected by this Endorsement.