



# INSPIRIEN

Association Profit Sharing  
Presentation

# Who is Inspirien?

**A remarkable partner for whatever risk lies ahead.**

Inspirien is a risk mitigation company specializing in workers' compensation and medical practice coverages. We're not just a competing quotes company. We bring inspired ideas and forward-thinking solutions to your risk.



# Why Inspirien?

## Professional Liability

- A wide range of policy options from fully insured, varied deductibles to captives
- Backed with 4-times the minimum amount of operating capital
- Reinsurance backed by AM Best "A" rated partners from Lloyd's of London
- 110+ collective years of claims and litigation-related experience
- Tailored underwriting
- 91% success rate receiving defense verdicts for cases taken to trial

## Workers Compensation

- Quick application process
- Competitive Rates
- Backed with 4-times the minimum amount of operating capital
- Reinsurance backed by partners from Lloyd's of London
- 280+ collective years of claims experience

# Professional Liability Services

Our full suite of risk services provide an innovative approach that leads to long-term success.

- Engagement with in-house attorneys, risk managers and risk finance consultants
- Emphasis on collaboration from the CEO to front line clinical staff
- Provide comprehensive education resources including risk assessments, mock audits, classes and webinars
- Determine best risk financing option based on risk appetite assessment – ability to allot no risk, shared risk or all risk

# Workers Compensation Services

Our Loss Control and Loss Prevention services help your organization reduce risk in your daily operations.

- Assist with State, Federal and Regulatory Compliance
- Evaluate and recommend safety programs
- Provide comprehensive educational resources including classes and webinars

# Steps to building a Program & Related Profit-Sharing Plan

1. Identify affinity group or association to populate the program. Outline risk “types” for targeted class.
2. Develop underwriting guidelines to define acceptable risks.
3. Establish program potential:
  1. Total number of association members or risks in class for demographic area
  2. Identify average policy size for association or target class group
  3. Identify total premium base for association or group
4. Establish minimum participation levels (premium) in order for the program to qualify for profit sharing. Consider stair-stepping premium requirements – with first year being lower than subsequent years – to allow participation ramp-up.
5. Programs will run for a 12-month period: having an inception and expiration date. All premiums added to the program during the program period will qualify toward profit sharing.
6. Premium qualifying for profit sharing:
  1. In order to qualify, accounts must be current and up to date on all premium payments at the time of profit-sharing calculation.
  2. Any accounts that are not current will have their premiums removed from the profit-sharing calculation.
  3. Any account that cancels during the program period will not qualify for profit sharing, and the associated premium will be removed from the calculation.
7. The first profit sharing calculation will take place 18 months after the program inception date.
8. Profit sharing will be paid in accordance with the profit-sharing scale established for that program. Payable profit sharing will be based on the incurred loss ratio, calculated by dividing the total incurred losses by the total qualifying premium.
9. At the first calculation, 50% of the calculated payable profit sharing will be paid.
10. A second profit sharing calculation will be made 30 months after the program inception date. This second calculation will be the same as the first: total incurred losses divided by total qualifying premium.
11. Total payable profit sharing, as calculated at the second calculation, will be in accordance with the established profit-sharing scale for the program, less the profit sharing paid at the first calculation. In the event this second calculation results in a profit sharing of less than zero (a negative result), no additional profit sharing will be paid nor will there be any “recoupment” of prior payments.
12. No further calculation will be made following the 2nd calculation.

# Sample Profit-Sharing Scale

Minimum ILR	Maximum ILR	Payable Profit Sharing
0.00	0.05	0.150
0.06	0.10	0.125
0.11	0.15	0.100
0.16	0.20	0.090
0.21	0.25	0.080
0.26	0.30	0.070
0.31	0.35	0.050
0.36	0.40	0.025

Payable Profit-Sharing will be based on the program's incurred loss ratio. Incurred loss ratio will be calculated by dividing the total incurred losses by the total qualifying premium:

$$\frac{\text{Total Incurred Losses as of the date of calculation}}{\text{Total Qualifying Premium as of the date of calculation}}$$

Using the profit-sharing scale, the payable profit-sharing will be based on the calculated incurred loss ratio. Payable profit-sharing will be calculated by multiplying the indicated profit-sharing percentage by the total qualifying premium:

$$\text{Total Qualifying Premium} \times \text{Indicated Payable Profit-Sharing}$$

# Program Profit-Sharing Example:

## First Calculation (18 Months After Program Inception Date)

Total Qualifying Program Premium	\$500,000.00
Total Incurred Losses	\$100,000.00
Calculated Incurred Loss Ratio (Incurred Losses / Program Premium)	20.00%
Profit-Sharing percentage (From Profit Sharing Scale)	0.09 (9%)
Total Calculated Profit Sharing (Program Premium x Profits Sharing Percentage)	\$45,000.00
Payable Profit Sharing (Total Calculated Profit-Sharing x .50)	\$22,500.00

## Second Calculation (30 Months After Program Inception Date)

Total Qualifying Program Premium	\$500,000.00
Total Incurred Losses	\$125,000.00
Calculated Incurred Loss Ratio (Incurred Losses / Program Premium)	25.00%
Profit-Sharing Percentage (From Profit Sharing Scale)	0.08 (8%)
Total Calculated Profit Sharing (Program Premium x Profits Sharing Percentage)	\$40,000.00
Profit Sharing Paid @ First Calculation	\$22,500.00

## Total Program Profit Sharing

Paid at First Calculation	\$22,500.00
Paid at Second Calculation	\$17,500.00
Total Paid	\$40,000.00
Total Profit-Sharing Percentage	0.08 (8%)