

The Arizona Board of Regents 2021-2022 Student Health Insurance Plan Retrospective Premium Agreement

This Letter of Agreement (the “Agreement”), effective as of August 16, 2021, serves to document our mutual understanding and agreement of the circumstances under which The Arizona Board of Regents, on behalf of Arizona State University (Policy #697443), Northern Arizona University (Policy #697444), and University of Arizona (Policy #697442) on a combined basis, would be entitled to return of potential premium surplus, based on claims experience, under the Blanket Student Accident and Sickness Insurance Policy (the “Policy”) between The Arizona Board of Regents (the “Policyholder”) and Aetna Life Insurance Company (the “Company”). Capitalized terms not otherwise defined herein shall have the meaning given to them in the Policy. This agreement covers only the Student Accident and Sickness plan. Such arrangements are subject to state and federal insurance requirements, and Aetna has the right to revoke this Agreement if insurance regulators disallow them.

1. The retrospective premium arrangement described in this Agreement will apply to the 2021-2022 Policy Year. In the event the Policy is terminated for any reason prior to the standard termination date for the 2021-2022 Policy Year, this Agreement will be null and void. The premium/fees and claims associated with Capitation, Pooling, Vital Savings, Accidental Death and Dismemberment, Worldwide Emergency Travel Assistance, Dental Plans, and Medical Evacuation and Return of Mortal remains will be excluded for purposes of this Agreement.
2. **Retrospective Premium Calculation.** For the 2021-2022 Policy Year and subject to the terms set forth below, the Company will perform a retrospective premium calculation, under its standard blanket student policies and procedures, twelve (12) months after the end of such Policy Year.

Initial Calculation – February 16, 2023 (50% of the projected surplus will be available for a refund)

Final Reconciliation – August 16, 2023 (any remaining surplus will be available for a refund)

3. **Incurred Claims.** “Incurred Claims” for the 2021-2022 Policy Year will be defined as follows: total paid claims to date for the 2021-2022 Policy Year completed to ultimate by means of the appropriate completion factor.
4. **Earned Premium.** “Earned Premium” for the 2021-2022 Policy Year will be defined as follows: premium billed and due and remitted for the coverage provided with respect to the 2021-2022 Policy Year, excluding: (a) any payments made to brokers or consultants on behalf of the Policyholder; (b) the estimated amounts collected for payment by Aetna to the federal government for taxes and fees due under the Affordable Care Act including, but not limited to, the Patient Centered Outcomes Research Fee, the Reinsurance Contribution and

the Health Insurer Fee; and (c) the estimated amounts collected for payment by Aetna to the state of Arizona for state premium taxes.

5. Incurred Loss Ratio. The “Incurred Loss Ratio” for the 2021-2022 Policy Year will be defined as follows: Incurred Claims divided by Earned Premium.
6. Surplus: If the Incurred Loss Ratio is less than 0.825 (expressed to 3 decimal places) for the 2021-2022 year, then a surplus (the “Surplus”) is created; if the Incurred Loss Ratio is equal to or greater than 0.825, no retrospective premium adjustment shall be due or payable.
7. Refund: If a Surplus is created, the refund (the “Refund”) will be equal to the product of (A) the absolute difference between the Incurred Loss Ratio and the below schedule of loss ratios (to 3 decimal places) and (B) Earned Premium.


	2021-2022 Year
Portion of experience less than 80.0% incurred loss ratio.	100% of the absolute difference between incurred loss ratio (to 3 decimal places) and earned premium.
Portion of experience less than 82.5% incurred loss ratio, but greater than or equal to 80.0%.	50% of the absolute difference between incurred loss ratio (to 3 decimal places) and earned premium.

8. Payment of Refund: The Refund will be remitted to the Policyholder within 30 days after August 15, 2023, provided the Policy remained in force throughout the 2021-2022 Policy Year. If the Policy is terminated prior to the original expiration date, no refund of any sort will be due or payable. Interest will be credited on the surplus amount, calculated at the annual interest rate of 0.5% from the end of the policy period to the date the surplus is refunded to ABOR.
9. Use of Refunds. Any and all Refunds will be returned to the Policyholder. Upon request by the Policyholder, part or all of it will be applied against the payment of premiums or in any other manner as may be agreed to by the Policyholder and the Company. If the sum of student contributions which have been made for student health insurance exceeds the sum of premiums which have been paid for student health insurance (after giving effect to any Refund), the excess shall be used by the Policyholder solely for the student health plan. Aetna will not be responsible for, or have any obligation with respect to, the Policyholder’s application of the Refund pursuant to the preceding sentence.

If you are in agreement with the terms of this Agreement, please sign both copies and return one to Aetna Student Health on or before August 16, 2021. Failure to return an executed copy of the Agreement prior to that date shall render this Agreement null and void.

We appreciate your business and thank you for your prompt attention to this matter.

Signed: Aetna Life Insurance Company

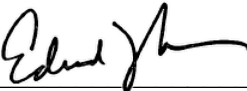
Name: 

Printed Name: Jennifer Hanks

Title: Senior Director of Underwriting

Date: 05/03/2021

Signed: The Arizona Board of Regents

Name: 

Title: Chief Procurement Officer

Date: May 11, 2021