

## Case Study:

# Sports Tuition Expense Protection (STEP)

## Understanding the power of sports tuition expense protection.

The costs of participating in team sports – from youth sports to adult leagues – have skyrocketed.

In most cases, the teams and leagues rely on pre-paid, nonrefundable tuition and fees to meet their own significant budgets to pay for coaches, referees, facility rentals, insurance and more.

Often, families will pay the costs of playing time lost due to injury/sickness of the participant or close family member, or if the family relocates due to job change. How can families protect themselves against this financial burden?

### By taking the right first STEP: Sports Tuition Expense Protection.

#### Ice Hockey Hiatus

John Smith, age 14, plays travel ice hockey for the New Jersey Hawks.

- The Hawks' activity fee for the hockey season is \$6,000.

The Hawks' organization participated in the STEP program to protect the pre-paid, nonrefundable covered activity fees paid by its athletes.

- The premium for this coverage is \$240.

On October 14, John contracted pneumonia, and due to the severity of his condition, his physician recommended that John needed to withdraw from playing until he was well enough to play. As a result, John missed one month of his hockey season.

**The Smiths were able to receive \$840** in benefits from the insurance policy as reimbursement for their lost pre-paid, nonrefundable covered activity fee.

#### The claim calculation looks like this:

There are 212 days in the Hawks' hockey season (August 20 – March 20 = 212 days).

$\$6,000$  (activity fee)  $\div$  212 days =  $\$28$  (day rate).

John missed 30 days of his hockey season.

There are 30 days eligible for benefits  $\times$   $\$28$  (day rate) =  $\$840$  benefit amount.

## Rebel Sitting Out With a Cause

Alexis Jones, age 16, plays travel ice hockey for the New Hampshire Rebels.

- The Rebels' activity fee for the hockey season is \$8,000.

The Rebels participated in the STEP program to protect the pre-paid, nonrefundable covered activity fees paid by its athletes.

- The premium for this coverage is \$232.

On September 22, Alexis was injured during a game and suffered a broken wrist. Due to the severity of her injury, her physician recommended that Alexis withdraw from playing until her physician deemed her wrist healed enough to play. Unfortunately, Alexis missed eight weeks of her hockey season due to her wrist injury. The STEP policy covered activity interruption benefit provided a **reimbursement benefit amount of \$2,128 to the Joneses.**

The claim calculation looks like this:

There are 212 days in the Rebels' season (August 20 – March 20 = 212 days).

$\$8,000$  (activity fee)  $\div$  212 days =  $\$38$  (day rate).

Alexis missed 56 days of her hockey season.

There are 56 days eligible for benefits  $\times$   $\$38$  (day rate) =  $\$2,128$  in benefits payable to the Jones family.

## Rocketing Away from His League

Aidan Johnson, age 12, plays travel ice hockey for the Washington Rockets.

- The Rockets' activity fee for the hockey season \$5,000.

The Rockets participated in the STEP program to protect the pre-paid, nonrefundable covered activity fees paid by its athletes.

- The premium for this coverage is \$140.

On January 5, Mr. Johnson's company relocated him to New York, which was more than 100 miles from their current residence. Unfortunately, Aidan would no longer be able to play for the Rockets as his family would need to move to New York. Aidan would miss the remainder of the hockey season.

The Johnsons submitted a claim under the STEP policy and **received a reimbursement benefit amount of \$1,776.**

The claim calculation looks like this:

There are 212 days in the Rockets' season.

$\$5,000$  (activity fee)  $\div$  212 days =  $\$24$  (day rate).

Aidan will miss 74 days of the season (January 5 – March 20).

74 days  $\times$   $\$24$  (day rate) =  $\$1,776$  in benefits payable to the Johnson family for pre-paid, nonrefundable covered activity fee reimbursement.

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We're committed to helping you better understand your risks and exposures so we can guide you through strategies and solutions to keep you protected.

STEP, as described herein, is not available in the following states: California, Idaho, Kansas, Maryland, Minnesota, New Mexico, New York, Oregon, and Washington. In New York, STEP is only available on an individual basis and does not include Accidental Death and Dismemberment benefits for the athlete. The Relocation benefit under STEP is not available in Tennessee and Virginia.

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