



Understanding Your Experience-Rated Renewal

Better Benefits

ClearBenefits.ca is a Benefits Management company that develops, distributes and manages exclusive Group Benefits Programs.

Starting as a brokerage, we developed products and services that deliver what you expect a benefits plan should be.

- **Pooled** - Ideal for clients wanting premium coverage with stable, predictable rates
- **Experience Rated** - experience-rated plans leveraging ClearBenefits.ca buying power
- **Benefits Management** - when it makes the most sense to manage an existing plan



Our Approach

An informed client is better equipped to make decisions regarding their employee benefits plan.

Providing the best tools and information necessary to help you make the best choices for your business.



Why Offer a Benefits Plan?

Popular

Most employers would like to offer their staff a Group Benefits plan. It may be something you have thought about, or has already been promised to your staff.

Group Benefits are a vital part of a competitive compensation package, making it easier to attract and retain valued employees, providing affordable access to healthcare.

Healthy employees can be more productive, less stressed, have fewer sick days, which can result in less disruption to your business.

Affordable

Employers are pleasantly surprised with how affordable a benefits plan can be as it can be more cost-effective than a cash raise. Benefits can be a tax-deduction to your company and a tax-free benefit to your employees.

Valued

The value of benefits is remembered long after a raise would have been forgotten. Staff can feel a higher level of value and respect resulting in a higher degree of company loyalty.

Importance of Employee Retention

Many employers make long term commitments to their staff. Skilled workers are the top of the pay scale of most industries due to their skills, education and training.

Employers have a vested interest in keeping workers as they are the economic backbone of a company, making employee retention important.

*Pooled Group Benefits Programs underwritten by Co-operators Life Insurance Company



Coverage Options

Group Benefits plans can include combinations of:

Catastrophic Benefits: Insures “Unexpected Events” that can have catastrophic financial effects.

- Life Insurance
- Accidental Death & Dismemberment
- Dependent Life
- Optional Life Insurance
- Critical Illness Insurance
- Short Term Disability
- Long Term Disability
- Emergency Travel Medical Assistance

Experience Based Benefits: Insures usage-based benefits:

- Prescription Drugs
- Health Benefits (Paramedical, medical equipment...)
- Vision Care
- Dental Benefits
- Employee Assistance Programs

*Pooled Group Benefits Programs underwritten by Co-operators Life Insurance Company



Selecting the right structure

Pooled Programs

Pooled plans are a great choice for groups of 3–20+ employees looking for rate stability. If you want a plan that is easy to budget for, you have no current benefits plan, are experiencing change, growth or staffing fluctuations, then we **recommend** one of our pooled programs. These will most often provide you with the best opportunity for stable premiums, quality coverage, simple to administer and are the easiest to budget for.

Experience Rated Program

Appropriate for clients that prefer a plan where rates are based on their own claims experience. [ClearBenefits.ca](https://clearbenefits.ca) program features pooled (wholesale) TLR's (administration costs) which can lower rates. Our focus is to help provide the best opportunity for stable rates and long term risk-management through a balance of plan design and proper funding levels.

Selecting the right program is important to the long term stability and success of your benefits program.

*Pooled Group Benefits Programs underwritten by Co-operators Life Insurance Company



Understanding your Renewal

Experience-Rated Plans

Rates are adjusted annually for the next 12 months based on a changes in demographics and a weighted average of the previous 3 years claims experience.

You can expect changes in premiums each year as a result of changes in:

- Average age
- Gender
- Occupations
- Volume of insurance
- Family status of your employees
- Claims experience
- Inflation trends

Occupations help determine the risk class for pooled benefits.

A higher volume of insurance will reduce some of the pooled rates while increasing others.



Plan Cost

Premiums for experience-rated plans are determined by a variety of factors in order to determine the correct rates for your business each year.

Cost sharing

Most employers share the cost of a plan 50/50 with their employees. We find if the employer's portion of the monthly premium is approx. 2.5–3.5% of payroll (based on a 50/50 cost sharing with the employees), both the employer and the employees are comfortable and feel they are getting good value.

Alternatively, some employers share the cost of a plan by paying for the Extended Health and Dental portions of a plan. Employees should still pay the Life Insurance & Disability portions of their coverage in order to ensure these benefits would be paid tax-free in the even of a claim.

Extended Health and & Dental Premiums can be tax-deductible to the company, and a tax-free benefit to employees.

*Pooled Group Benefits Programs underwritten by Co-operators Life Insurance Company



Renewal Cost Containment

A properly priced and structured plan provides the best opportunity for rate stability.

An artificially low initial premium inevitably leads to initially abnormal premium increases the following years as the insurer needs to bring the premiums into line with the actual cost.

Extended Health and Dental

You can expect changes in renewal rates each year as a result of:

- Discount recapture (as applicable)
- Establishing IBNR Reserve
- Claims experience
- Inflation trend: Dental - approx. 6 - 9% per year
- Inflation trend: Extended Health & Prescription Drugs - approx. 11 - 13% per year
- Changes in the average age, genders, occupation, insurance volume and family status of staff

There is usually very little difference in rates between carriers by the time you have had your experience-rated plan 2–3 years. A properly priced and efficient plan design is the most effective method of containing and managing the premiums for these types of plans.

Life, AD&D, Dependent Life, Disability Insurance, Critical Illness

These are usually fully pooled benefits. Rates are based on the demographics of the group (age, volumes, gender, occupation). The insurer's claims experience of its pool impacts these rates.



Renewal Cost Containment (con't)

Extended Health Care, Prescription Drugs, Dental Care

Depending on the size of the group and length of time with the current carrier, premiums for these benefits may be semi-pooled initially, gradually becoming solely based on the claims experience of the individual group.

The larger the group, the sooner rates are based entirely on your own claims experience.

Demographics

A lower average age can help decrease pooled and health rates. Occupations help determine the risk class for pooled benefits. A higher volume of insurance will reduce some of the pooled rates while increasing others.

It is important to structure the plan in a way that encourages normal usage of the plan:

- Start with a plan you can grow with
- Expand coverage at a future date in place of a raise
- Use of co-insurance to help encourage stable claiming patterns
- Waiting period for new employees



Features & Considerations

The advantage of an experience-rated plan is the flexibility to customize coverage in a way you feel is important for the needs of your company and staff.

- Ability to customize benefits, coverage terms, eligibility etc.
- Though a 3 month waiting period is most common, you can have different waiting periods for different classes of employees
- It is important to maintain quality coverage as strong definitions can provide solid and reliable coverage when claims arise.
- While 75% employee participation is generally required for groups of 10+, it is preferable from an employer standpoint to have 100% participation.

Other Important Points:

- Prescription Drugs and Dental Care are the two most utilized benefits. It is important to structure coverage the plan to limit risk and encourage appropriate use of these benefits.
- Custom, experience-rated plans usually cost more as there are additional costs involved in the quoting, set-up and administration of a custom plan. Traditionally, the less staff you have, the higher the administration costs.
- Rates tend to be more volatile as they are based on the fluctuating claims experience of your group.

Life, AD&D, Dependent Life, Disability Insurance, Critical Illness

These are normally fully pooled benefits. Rates are based on the demographics of the group (ie. age, volume of insurance, gender and occupation). The insurer's claims experience of its overall pool for these benefits also has an impact on rates.

Extended Health Care, Drugs, Dental Care

Depending on the size of the group, premiums for these benefits are partially based on inflation trend, experience of the individual group, and can partly pooled. For a larger group, premiums for these benefits can be based on being semi-pooled initially and gradually become based solely on the experience of the individual group.

Effects of demographic changes

A decrease in the average age can put **downward** pressure on pooled, health & dental rates.

An increase in the average age can put **upward** pressure on pooled, health & dental rates.

No change in the average age can have a **neutral** effect on pooled, health & dental rates.

Effects of changes in the # of employees

An increase in the # of employees age can put **downward** pressure on pooled, health & dental rates.

A decrease in the # of employees can put **upward** pressure on pooled, health & dental rates.

No change in the # of employees can have a **neutral** effect on pooled, health & dental rates.

Effects of changes in claims

An increase in claims as a % of paid premiums can put **upward** pressure on health & dental rates.

A decrease in claims as a % of paid premiums can put **downward** pressure on health & dental rates.

No change in claims % can have a **neutral** effect on health & dental rates.

Effects of employee turnover

If you have a high level of staff turnover, this can change the # of employees, average ages, family status and claiming patterns. From an insurer perspective, a group with more than 15% change in staff can void any rate guarantees and positive claims history as this will change the risk profile of the group.

A lower than average claims history will not be as relevant in calculating renewal rates.



Service

[ClearBenefits.ca](#) service includes:

- Initial plan design & carrier selection
- Enrolment support
- Benefit summary & communication for Employees
- Administrator support
- Comprehensive structured service plan
- Claims support
- Cost containment support
- Help ensure you are paying fair and responsibly priced premiums.
- Periodic information updates

[ClearBenefits.ca](#) makes it easier for you to:

- Maintain your plan
- Keep benefits current
- Administer your plan smoothly

[ClearBenefits.ca Service System](#)

Our structured approach is designed to help ensure your plan meets your company's needs, runs smoothly, keeping benefits current while containing costs and effectively eliminating common administrative issues that can arise.



About Us:

ClearBenefits.ca is a Group Benefits provider that develops, distributes and manages a comprehensive range of pooled and experience-based Group Benefits programs.

ClearBenefits.ca works with you to help ensure the right plan for your situation, providing quality, affordable benefits that meet your needs within a comfortable budget.

Programs - Pooled*

Our pooled programs offer a "true insurance" approach to benefits through a spread of risk that is consistent with clients' expectations. Focusing on long term risk management has resulted in a history of rate stability.

- [Essentials Benefits Program](#) (3—20+) (most affordable)
- [Lifestyle Benefits Program](#) (3—20+) (contemporary, healthy lifestyle-focused coverage)

Features:

- No medical questions required
- Portability between programs
- Pay Direct Drug Cards
- Pay Direct Dental
- Electronic, email, fax or mail submission for all other Extended Health claims
- On-line administration
- On-line employee web access
- Exclusive to [ClearBenefits.ca](#)
- Underwritten by The Co-operators
- Service available locally and nationally

Options:

- Critical Illness
- Employee Assistance Program - Solarah
- Second Opinion Consult - WorldCare
- ContinYou - Individual health and dental conversion coverage - The Co-operators
- Health Care Spending Accounts
- Cost Plus

Experience-Based Program

- Rates are based on your own company's claims experience
- Lower fees through [ClearBenefits.ca](#) pooled TLR's
- Enhanced plan design flexibility

Benefits Management:

- [ClearBenefits.ca](#) works with selected Insurers to manage an existing benefits plan
- Enhanced plan design flexibility

Programs - Other

- [Group RRSP Program**](#)
- [Group Auto and Home Program***](#)

* Pooled Group Benefits Programs underwritten by Co-operators Life Insurance Company

** Group Retirement Plans - administered by The Co-operators

*** Preferred rates offered by The Co-operators for clients of ClearBenefits.ca (Auto in AB & ON only)