



Group Benefits Renewal Calculator

Presented to:

Sample Company

July 3, 2023

Presented by:

Sample Advisor

Introduction

Purpose

To help Advisors and their clients gain better insight to the financial calculations of experience rated plans

Renewal Analysis

A tool to help determine if an experience rated renewal is fair.

Analyzes past year premiums and claims of Extended Health & Dental benefits only.

Does not factor in prior year(s) weighting.

Cost to Change Disclosure

A review the hard and soft costs of switching between experience-rated plans.

Illustrates the effect of initial premium discounts, IBNR & productivity costs.

Projected Renewal

A projection of the financial impact of switching between experience-rated plans on next year's renewal.

Illustrates the effect at renewal of any initial premium discounting, assumes same claims as previous year, funding of IBNR.

Provides 2 examples of marketing discounting levels on future projected rates

Notes

Overview of the effect of changes in claims, demographics, average age and employee turnover on rates

About Us

An overview of the products and services ClearBenefits.ca offers Advisors and their clients.

**Note: This workbook is for illustrative & educational purposes only - Calculator illustrations are not a guarantee of outcomes. E.&O.E.

ClearBenefits.ca - Pooled Group Benefits Programs

EHC & Dental Renewal Analysis

Prepared: 3/Jul/23

Advisor **Sample Advisor**

Claims Period: March 1, 2022 to February 28, 2023

Months in reporting period 12

EHC Premiums	\$20,000	72.00% Loss Ratio
EHC Paid Claims	\$14,400	\$22,300 Experience Rated Premium
EHC TLR	72.00%	\$22,300 Trended Annual Premium
EHC Trend	11.50%	\$22,300 Blended Annual Premium
EHC Credibility	60.00%	11.50% EHC % premium adjustment before demographic changes
EHC Pooled	40.00%	\$1,667 Current EHC Monthly Premium
		\$1,858 Projected EHC Monthly Renewal Premium
Dental Premiums	\$12,000	70.00% Loss Ratio
Dental Paid Claims	\$8,400	\$12,367 Experience Rated Premium
Dental TLR	72.00%	\$12,720 Trended Annual Premium
Dental Trend	6.00%	\$12,508 Blended Annual Premium
Dental Credibility	60.00%	4.23% Dental % premium adjustment before demographic changes
Dental Pooled	40.00%	\$1,000 Current Dental Monthly Premium
		\$1,042 Projected Dental Monthly Renewal Premium
		8.77% Overall % Increase before demographic changes **

** Weighting takes into account current year claims only

Other Considerations:

Average age	2022	43.7
Average age	2023	43
# Employees	2022	12
# Employees	2023	11

Notes:

Cost to Change Disclosure (Experience-Rated plans)

Prepared: 3/Jul/23

Advisor **Sample Advisor**
 Claims Period: March 1, 2022 to February 28, 2023
 Months in reporting period 12

Hard Cost

EHC Premium	\$18,000	10.00% Marketing discount applied to prior year rates
IBNR	-\$1,440	8.00% IBNR rate / required claims reserve to establish
2019 - 2020 Claims	\$14,000	Prior year claims can help indicate a claiming trend
2020 - 2021 Claims	\$14,400	2.86% Change in claims over previous claims period
Dental Premium	\$10,800	10.00% Marketing discount applied to prior year rates
IBNR	-\$864	8.00% IBNR Rate
2019 - 2020 Claims	\$9,000	Prior year claims can help indicate a claiming trend
2020 - 2021 Claims	\$8,400	-6.67% Change in claims over previous claims period

Soft Cost

Productivity Cost	-\$2,880	10% of 1st year premium according to actuarial studies
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Cost to Change	-\$5,184
Proposed Savings	\$3,200
Est. Savings	-\$1,984

Total of hard and soft costs
10.00% Premium savings from marketing discount
Net 1st year advantage to: Sample Company

Other Considerations:

IBNR = The hidden cost of a plan change as reserves need to be re-established with the new insurer
 Productivity Cost = Time spent sourcing new plans, plan selection, completion of new forms, staff meetings, questions etc...
 A change in plan generally increases usage due to renewed plan awareness

Projected Renewal

Prepared: 3/Jul/23

Advisor **Sample Advisor**

Claims Period: March 1, 2022 to February 28, 2023

Months in reporting period 12

EHC Premiums	\$20,000	72.00%	Loss Ratio
EHC Paid Claims	\$14,400	\$25,088	Experience Rated Premium
EHC TLR - IBNR	64.00%	\$22,300	Trended Premium
EHC Trend	11.50%	\$23,973	Blended Premium
EHC Credibility	60.00%	19.86%	EHC % premium adjustment (demographic changes excl)
EHC Pooled	40.00%	\$1,667	Current EHC Monthly Premium
Marketing Discount	10.00%	\$1,998	Projected EHC Monthly Renewal Premium
Dental Premiums	\$12,000	70.00%	Loss Ratio
Dental Paid Claims	\$8,400	\$13,913	Experience Rated Premium
Dental TLR - IBNR	64.00%	\$12,720	Trended Premium
Dental Trend	6.00%	\$13,436	Blended Premium
Dental Credibility	60.00%	11.96%	Dental % premium adjustment (demographic changes excl)
Dental Pooled	40.00%	\$1,000	Current Dental Monthly Premium
Marketing Discount	10.00%	\$1,120	Projected Dental Monthly Renewal Premium

Assumptions

Rates	Same as previous year
Claims	Same as previous year
Inflation Trend - EHC	11.50%
Inflation Trend - Dental	6.00%
IBNR - EHC:	8.00%
IBNR - Dental:	8.00%
Marketing Discount:	10.00%
Marketing Discount:	20.00%

Other

Target Loss Ratio (TLR) less IBNR = 1st year adjusted TLR (result is less premium available to pay claims)
 Marketing Discount: Undisclosed 1st year rate reduction used as a sales inducement

Example 1:

29.89% Overall % Increase before demographic changes

Illustrates effect at renewal of:

- Same Claims as Previous Year
- **10.00%** Marketing Discount from Previous Year Premiums
- Re-establishing of IBNR

Example 2:

46.13% Overall % Increase before demographic changes

Illustrates effect at renewal of:

- Same Claims as Previous Year
- **20.00%** Marketing Discount from Previous Year Premiums
- Re-establishing of IBNR

Notes:

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.

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

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

Pooled Programs

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+) (enhanced coverage)

Features:

- No medical questions required
- Portability between programs
- Pay Direct Drug Cards
- Pay Direct Dental
- On-line and smartphone app claims submission
- On-line administration
- On-line employee web access
- Virtual Healthcare
- 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 company's own claims experience
- Lower fees through ClearBenefits.ca pooled TLRs
- Enhanced plan design flexibility

Group RRSP Program

- Group Retirement plans from The Co-operators made easy for clients of ClearBenefits.ca
- Ideal for Groups of 3+
- Lower fees through pooled IMF's