

Course Outline

Group Benefits Funding and Pricing

Lesson 1: Introduction to Group Benefits Funding

- I. Plan Funding Defined
- II. Funding Arrangements
- III. Primary Funding Arrangements
- IV. Financial Risk
- V. Factors Affecting Funding Arrangement Options
- VI. Assessing Funding Arrangement Options
- VII. Significance of Pooling in the Plan Funding Decision
- VIII. Types of Pooling
- IX. Significance of Group Size for Plan Funding Decisions
- X. Significance of Predictability and Cost of Claims for Plan Funding Decisions
- XI. Insured Nonrefund Arrangement Defined
- XII. Basis of Premium Rate Renewal
- XIII. Fully Pooled Rating on Plan Renewal
- XIV. Types of Benefits Appropriate for Fully Pooled Rating
- XV. Prospectively Rated Renewal Rating
- XVI. Types of Benefits Appropriate for Prospectively Rated Renewal Rating

Total pages in this lesson: 15 pages

Lesson 2: Group Benefits Funding: Insured Refund

- I. Insured Refund Arrangement Defined
- II. Financial Risk
- III. Insured Refund Claims Experience
- IV. Basis of Premium Rate Renewal
- V. Types of Benefits Appropriate for Insured Refund Arrangements
- VI. Types of Plans Appropriate for Insured Refund Arrangements

Total pages in this lesson: 6 pages

Lesson 3: Group Benefits Funding: Self-Insured Arrangements

- I. Self-Insured Arrangement Defined
- II. Types of Benefits Appropriate for Self-Insurance
- III. Self-Insured With Pooling Arrangement
- IV. Large Amount or Individual High-Limit Pooling
- V. Pooling From the First Dollar
- VI. Aggregate Stop-Loss Pooling

- VII. Durational Pooling
- VIII. Administrative Services Only (ASO) Arrangement Defined
- IX. Payment Options in an ASO Arrangement
- X. Claims Processing Procedures in an ASO Arrangement
- XI. ASO Annual Financial Accounting
- XII. Financial Liability in an ASO Arrangement
- XIII. Basis of Premium Rate Renewal

Total pages in this lesson: 15 pages

Lesson 4: Group Benefits Pricing Considerations

- I. The Pricing Equation
- II. Factors to Consider in the Initial Pricing of Group Insurance
- III. Manual Rating Defined
- IV. Calculating Manual Premium Rates
- V. Experience Rating Defined
- VI. Difference Between Manual Rating and Experience Rating
- VII. Renewal Underwriting Defined
- VIII. Claims Under a Group Insurance Policy
- IX. Types of Claims Covered Under a Group Life Insurance Policy
- X. Claim Frequency
- XI. Cost of an Incurred Claim
- XII. Incurred but not Reported (IBNR) Reserve
- XIII. Expenses Incurred Servicing the Plan Sponsor
- XIV. General Administration Expenses
- XV. Claims Administration Expenses
- XVI. Risk Charges
- XVII. Profit Margins
- XVIII. Taxes

Total pages in this lesson: 20 pages

Lesson 5: Other Factors Affecting Group Benefits Pricing

- I. Factors That Affect Pricing of Group Insurance
- II. Cost Trend Factors for Health Care Benefits
- III. Cost Trend Factors for Dental Benefits
- IV. Volumes
- V. Maximums
- VI. Nonevidence Maximum
- VII. Overall Maximum
- VIII. Factors That Determine the Level of an Overall Maximum
- IX. Renewal Underwriting Process

- X. Changes in Group Demographics
- XI. Claims Experience During the Year
- XII. Credibility Factor of the Group's Experience
- XIII. External Factors

Total pages in this lesson: 13 pages