Study Materials Update—February 2019

This material is required reading for purposes of the CEBS program and the national exam for the GBA 1 course administered on or after January 15, 2019.

This update covers Modules 2, 5, 7, 10, 11 and 12 of the Study Guide (First Printing: June 2017 and Second Printing: January 2018).
Study Materials Update

Study Guide (Second Printing—January 2018)

Module 2    Pages 24, 28, 33 and 38-39
Module 5    Pages 9, 14 and 18
Module 7    Page 7
Module 10   Pages 9, 14 and 18
Module 11   Pages 7 and 8
Module 12   Page 19

Instructions

There are two types of updates:

1. Minor—Where changes are made to a small section of the text, changes are indicated in **bold**.
2. Major—Entire sections are provided as a replacement.
Study Guide Module 2

Page 24, Answer to Content Knowledge Review 5.1, point (g): Make changes indicated in bold.

(g) Change underwriting procedures, reserve formulas, interest credit formulas, retention formulas, benefit wording (with the signature of the insurance company’s president or chief executive officer on the contract and/or amendment page), underwriting guidelines, standard commission scales on future business, service procedures, service staff and service locations.

Page 28, Answer to Content Knowledge Review 5.5, point (e): Make changes indicated in bold and remove what is crossed out.

(e) Request plan member and dependent medical information on behalf of the insurer; such information can be sent in a sealed envelope directly to the insurer by the policyholder and is not to be reviewed by the advisor.

Page 33, Reading A, Contractual Rights of Group Insurance Stakeholders, Insurer Rights, paragraph 1, point (g): Make changes indicated in bold.

(g) Change underwriting procedures, reserve formulas, interest credit formulas, retention formulas, benefit wording (with the signature of the insurance company’s president or chief executive officer on the contract and/or amendment page), underwriting guidelines, standard commission scales on future business, service procedures, service staff and service locations.

Page 38-39, Reading A, Contractual Rights of Group Insurance Stakeholders, Advisor Rights, paragraph 1, point (e): Make changes indicated in bold and remove what is crossed out.

(e) Request plan member and dependent medical information on behalf of the insurer; such information can be sent in a sealed envelope directly to the insurer by the policyholder and is not to be reviewed by the advisor.
If a benefits plan has unfavourable experience in one contract period (usually every 12 months) but most groups in the pool have favourable experience, premium rates for the former could will nonetheless be decreased or maintained for the following contract period.

The advantage to the plan sponsor is that cash payments to fund claims are level throughout the year.

Claims and expenses are reimbursed to the insurer or TPA through a cheque payment by the plan sponsor in the following month.

Reimbursement to the insurer or TPA for claims and expenses occurs through automatic fund transfers from the plan sponsor’s account on the basis of paid claims cheques cashed and expenses (rarely offered by insurers):
Page 18, Answer to Content Knowledge Review 7.1, paragraph 3, point (d): Make changes indicated in **bold** and remove what is crossed out.

(d) HST (combined sales tax and GST). Nova Scotia, New Brunswick, Newfoundland **and** Ontario **and** British Columbia have combined sales tax and GST into HST, which is charged on expenses.
Study Guide Module 7

Page 7, Answer to Content Knowledge Review 2.1, paragraph 2, sentence 1: Make changes indicated in **bold** and remove what is crossed out.

Proof of loss must be provided to the insurer by the deadline specified in the group contract (**normally 12 months after date of death**). (e.g., six to 12 months after the death or after the date of the loss for AD&D).
Study Guide Module 10

Page 9, Answer to Content Knowledge Review 3.2, paragraph 1, sentence 4: Make changes indicated in bold.

The waiver-of-premium reserve is usually estimated at approximately 30% of the amount of life insurance coverage; however, the actual reserve amount will vary depending on actuarial factors.

Page 9, Answer to Content Knowledge Review 3.3, paragraph 1, sentence 2: Make changes indicated in bold and remove what is crossed out.

The value of a disabled life reserve can be estimated at approximately is, on average, 60 times the monthly benefit amount; however, the actual reserve amount will vary depending on actuarial factors.

Page 12, Answer to Content Knowledge Review 4.6, point (c), bullet 2: Remove what is crossed out.

- Sales tax. Ontario, Saskatchewan and Quebec charge sales tax on claims costs. Quebec also charges a separate sales tax on expenses.

Page 14, Answer to Content Knowledge Review 5.1, paragraph 1, sentence 1: Make changes indicated in bold.

The features that a plan sponsor includes in its plan, e.g., covered expenses, benefit maximums, cost-sharing features such as annual deductibles, coinsurance, coordination-of-benefit (COB) provisions, etc., affect premium rates to the extent that they increase or decrease the insurer’s exposure to claims risks.

Page 18, Answer to Content Knowledge Review 6.5: Make changes indicated in bold.

Centra Agency has 4,000 plan members and 1 year of experience. This equals 4,000 life years. Dateline Associates has 3,000 plan members and 3 years of experience. This equals 9,000 life years. Inglis Financial has 2,500 plan members with 2 years of experience. This equals 5,000 life years. Dundee Insurance has 1,000 plan members and 5 years of experience. This equals 5,000 life years. Because Dundee Associates has 5 years of experience, it is a better indicator of the pattern of claims experience. It will be given more credibility.
Page 7, Answer to Content Knowledge Review 1.6, point (b): Make changes indicated in bold and remove what is crossed out.

(b) The insurer is no longer underwriting marketing specific benefit coverages

Page 8, Answer to Content Knowledge Review 2.1, point (h): Remove what is crossed out.

(h) Changes in plan member demographics (when a rate increase is at least partially based on changes in the group’s composition)

Add point (k):

(k) Estimated financial statement showing expected surplus or deficit for refund accounting plans.
Page 19, Answer to Content Knowledge Review 6.5, point (d): Make changes indicated in **bold** and remove what is crossed out.

(d) Individuals are enrolled by **plan sponsor** insurer.