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
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

Total pages in this lesson: 20 pages
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