



**STOP-LOSS**

# Expertise

**Renewal proposal created for**  
City of Independence

**Presented by Ryan Slattery**

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## Why Sun Life?

### A leader you can **continue** to count on

Being a leader in stop-loss coverage doesn't happen overnight. Sun Life has been in the business for more than 35 years, listening closely to what our clients want from us and delivering the coverage, insights, and client experience to be the best partner in stop-loss. As an industry leader, we are proud to provide our clients the dependability and stability they need, along with the flexible options they want to meet the unique needs of their business.

#### Strength and Stability



Count on us to be there to support you now and into the future, even in times of uncertainty.

- A leading stop-loss carrier, with more than 35 years of experience
- Over 4.7M covered members and \$2B of in-force premium<sup>1</sup>
- Strong financial ratings<sup>2</sup>
- Consistent underwriting and fast claim reimbursement

#### Innovation and Customization



Count on us to build customized solutions to best fit your unique needs – and to always be thinking about what's next.

- Tailored coverage options that work for you
- Increased predictability on your renewal
- Consultative, value-added services to improve cost and care outcomes
- A variety of features including NEW COVID-19 options

#### Insights and Expertise



Count on us to turn our robust data into actionable insights to help you make the right decisions about your coverage.

- Annual high-cost claim and injectable drug trends analysis with actionable recommendations
- Insights on emerging gene therapies
- Self-funding best practices and legislative updates
- Customized benchmarking data to guide your self-funded strategy

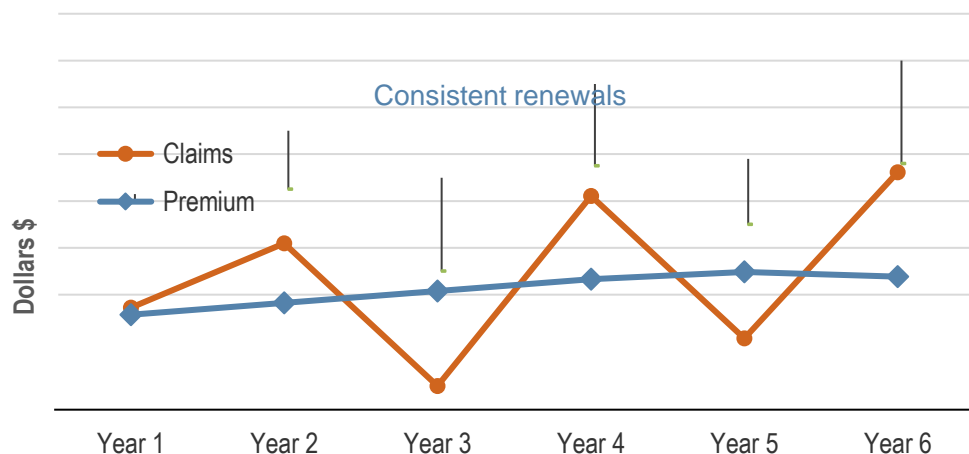
# Predictable renewals

We have developed a comprehensive renewal approach to provide customers with fair and predictable renewals. Sun Life Stop-Loss renewals include all of the following:

- An explanation about how pooling helps deliver rate stability
- A claims summary showing how your plan is performing
- Education about market factors that affect stop-loss rates
- A clear renewal illustration that outlines current rates and renewal options

## How pooling helps deliver renewal rate stability over time

To help produce more consistent renewal costs, we combine your company's Stop-Loss experience with other clients' Stop-Loss experience. This is called "pooling." It means that the overall cost of claims is shared by your company and the others in the pool. It provides stability because Sun Life's entire book of Stop-Loss business is large enough to absorb the claim fluctuations that would be produced by any one client.



The chart above shows how our pooled approach can provide protection against significant changes in renewal costs. Your Stop-Loss claims can rise and fall from year to year, largely due to the volatility often associated with catastrophic claims. In a non-pooled approach, your renewal premium would likely be adjusted each year to reflect your individual claims experience. The corresponding rate changes might be extreme depending on how poor or how favorable the experience was over the most recent contract periods. Pooling decreases volatility, since the cost of the catastrophic claim is spread over the entire client pool.

## Proven results you can depend on



The impact of our pooled approach has provided stability for our clients in good times and bad.

Over the last three years, only 4% of renewal increases were greater than 40%, only 12% were greater than 30% and only 23% exceeded 20%.

**96%** of Rate Increases <40%  
**88%** of Rate Increases <30%  
**77%** of Rate Increases <20%





## Predictable renewals

Our comprehensive renewal approach provides customers with fair and predictable renewals.

All of Sun Life Stop-Loss renewals include the following:



1. An explanation about how **pooling** helps deliver rate stability



2. A **claims summary** showing how your plan is performing



3. Education about **market factors** that affect stop-loss rates



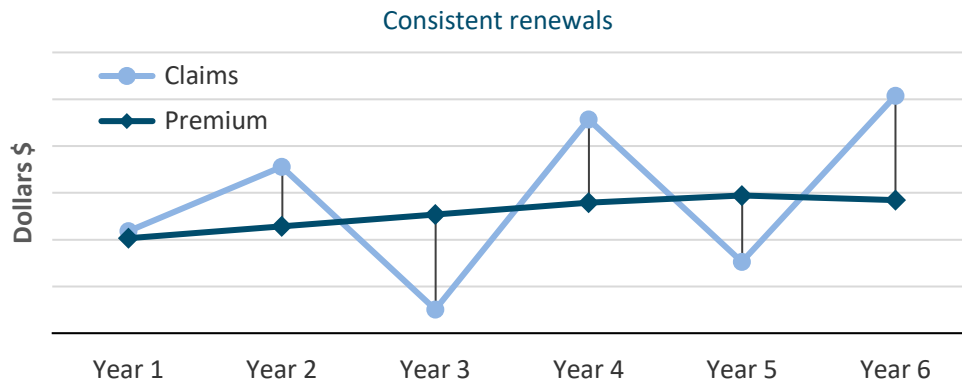
4. A clear renewal illustration that outlines **current rates and renewal options**



## SECTION ONE

### How pooling helps deliver renewal rate stability over time

We combine your company's Stop-Loss experience with that of other customers to help produce more consistent renewal costs. This is called "pooling", which means that the overall cost of claims is shared by your company and the others in the pool. Sun Life is able to provide increased rate stability through pooling due to our book of Stop-Loss business being large enough to absorb the claim fluctuations that would be produced by any one customer



The chart above shows how our pooled approach can provide protection against significant changes in renewal costs. Your Stop-Loss claims can rise and fall from year to year, largely due to the volatility often associated with catastrophic claims.

In a non-pooled approach, your renewal premium would likely be adjusted each year to reflect your individual claims experience. The corresponding rate changes might be extreme, depending on how poor or how favorable the experience was during the most recent contract periods. Pooling decreases volatility, since the cost of the catastrophic claim is shared by the entire customer pool.

#### Proven results you can depend on

Our pooled approach has provided stability for our clients in good times and bad.

Below is the distribution of rate increases over the last three renewal years **2018-2020** <sup>3</sup>:





## SECTION TWO

### Specific claims summary

#### City of Independence, Specific claims summary

The charts below show your current Specific claims activity related to your Specific deductible.

This chart shows the total number of claims that exceeded the Specific deductible during the contract period(s). For the current period, the expected claim count is a year-to-date number to be comparable to the claim count.

Number of claims beyond Specific deductible

Year	Spec level	Claim count	Expected	Actual to expected
Current	\$275,000	5	2	309%
Prior 1				
Prior 2				
Totals		5	2	309%

This chart shows the total number of claims that exceeded the Specific deductible during the contract period(s). For the current period, the expected claim count is a year-to-date number to be comparable to the claim count.

Reimbursed claims compared to paid premiums

Year	Claim count	Paid claims	Paid premium	Loss ratio
Current	5	\$503,583	\$1,159,994	43%
Prior 1				#VALUE!
Prior 2				#VALUE!
Totals	5	\$503,583	\$1,159,994	43%

This chart shows your total reimbursed claims compared to total paid premiums.

Paid claims versus paid premiums



This chart shows your total reimbursed claims compared to total premiums.

### Estimated reimbursable claims

When preparing your renewal options, Sun Life assumes that a number of claims have not yet been reported in the current policy period. We use a completion factor to help us predict how many claims will be submitted for reimbursement in the remaining months of the policy period. A completion factor is an estimated amount of time it might take for an incurred stop-loss claim to be submitted for reimbursement.

Estimated reimbursable claims projection

Reported claims	Not-yet-reported claims
Spanning the 9 completed months of the policy year	Spanning the remaining 3 months in the policy year
53%	47%

This chart shows the estimated percentage of reported and not-yet-reported claims for your policy year as of the date of this renewal proposal.



## SECTION THREE

### Market factors that affect stop-loss rates

A variety of market factors impact the development of your stop-loss rates. Some of the more influential are medical trend, leveraged trend, your health-care plan design, and your group's attributes. However, other factors such as economic conditions, current legislation and the stop-loss industry itself are also taken into consideration.



### Here's more detail behind the key factors that affect stop-loss rates:



#### The health-care plan and the group's attributes

Significant factors that influence how a stop-loss carrier sets its rates are:

**Health-care plan design services may include** co-payments, deductibles, employee contributions, incentives, wellness programs, and participation levels

**Network selections** provides the choice of preferred provider organization (PPO), a health maintenance organization (HMO) or a reference-based pricing approach

**Group attributes** like the demographics of the employee population, the geographic location of the employer, and the type of industry.



**Medical trend** is a prediction of how much health-care costs will change over time. It is driven by a combination of the changes in costs for services as well as the rates of utilization. Historically, medical trend has increased at a rate that has outpaced inflation.<sup>4</sup>



**Leveraged trend** is a prediction of how much the cost of catastrophic claims – the type of claims that stop-loss insurance covers – will rise or fall over time in relation to health-care costs.

If the stop-loss deductible remains the same from year to year, the division of risk between the employer and the stop-loss insurer will change and the stop-loss carrier will assume a larger portion of the risk in return for higher premiums.

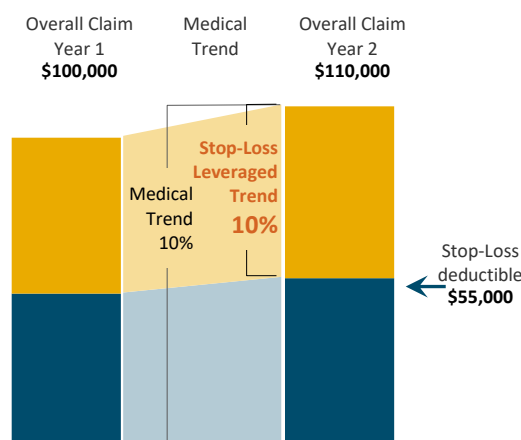
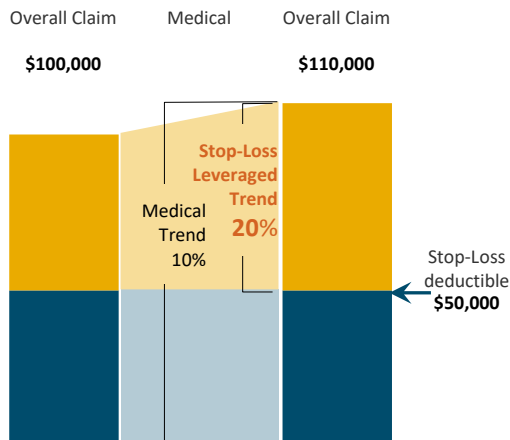
#### How can you reduce the impact of leveraged trend?

An employer can offset the effect of leveraged trend on its Specific stop-loss premium by choosing a higher specific deductible to offset the additional risk absorbed by the carrier.

#### Leveraged trend example

Impact without a change to Stop-Loss Deductible

Impact with an increase to Stop-Loss Deductible



**To accept the renewal proposal, please do the following:**

- At the bottom of this page, **select a renewal option and sign where indicated.**
- Email, fax, or mail this page to me by December 1, 2023, in order to avoid a lapse in coverage.
- Please Note: Your signature constitutes your acceptance of the terms, conditions assumptions and contingencies set forth within all pages of this proposal.

Policyholder name:	City of Independence	Account number:	959095
Policyholder Address:	111 E MAPLE AVE	Renewal status:	Firm
	INDEPENDENCE, MO 64050	TPA Name:	CIGNA HEALTHCARE
Situs State:	MO	PPO Name:	CIGNA OAP, Network, OA, POS
Renewal Eff. Date:	January 1, 2024	Firm through date:	10/15/23

**Current and renewal rate summary**

Tier	Employees
Composite	1,119
<b>Total</b>	<b>1,119</b>

**Specific Stop-Loss policy details and renewal options**

Plan thresholds	Current	Renewal option 1	Renewal option 2
Individual Specific deductible	\$275,000	\$275,000	\$300,000
Aggregating Specific deductible	None	None	None
Lifetime maximum	Unlimited	Unlimited	Unlimited
Claims basis	24/12	PAID	PAID
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx
Composite	\$127.29	\$131.62	\$117.74
<b>Total monthly premium</b>	<b>\$142,437.51</b>	<b>\$147,282.78</b>	<b>\$131,751.06</b>
Renewal rate action as a % increase to current monthly premium		3.4%	-7.5%

**Aggregate Stop-Loss policy details and renewal options**

Aggregate rates	Current	Renewal option 1	Renewal option 2
Aggregate Benefit Maximum	\$1,000,000	\$1,000,000	\$1,000,000
Per employee per month rate	\$2.19	\$2.30	\$2.30
<b>Total monthly premium</b>	<b>\$2,450.61</b>	<b>\$2,573.70</b>	<b>\$2,573.70</b>
Renewal rate action as a % increase to current monthly premium		5.0%	5.0%

**Aggregate thresholds and rates**

	Current	Renewal option 1	Renewal option 2
Claims basis	24/12	PAID	PAID
Benefits covered	Medical and Rx	Medical and Rx	Medical and Rx
Corridor	125%	125%	125%
Minimum Attachment Point %	90%	90%	90%
<b>Composite Aggregate deductible factor</b>	<b>\$1,710.73</b>	<b>\$1,928.06</b>	<b>\$1,965.34</b>
- Medical	\$1,297.61	\$1,501.26	\$1,538.54
- Rx Drug	\$413.12	\$426.80	\$426.80
<b>Minimum Attachment Point</b>	<b>\$1,722,876.18</b>	<b>\$1,965,667.85</b>	<b>\$1,995,085.24</b>
<b>Estimated monthly renewal liability</b>	<b>\$1,914,306.87</b>	<b>\$2,157,499.14</b>	<b>\$2,199,215.46</b>
Renewal rate action as a % increase to current monthly aggregate deductible factors.		12.7%	14.9%

**Total estimated annual plan costs**

Total costs	Current	Renewal option 1	Renewal option 2
Total annual premium	\$1,738,657.44	\$1,798,277.76	\$1,611,897.12
Annual Aggregate Attachment Point	22,971,682.44	25,889,989.68	26,390,585.52
<b>Total estimated self-funded plan costs</b>	<b>\$24,710,339.88</b>	<b>\$27,688,267.44</b>	<b>\$28,002,482.64</b>
Renewal rate action as a % increase to total estimated annual plan cost.		12.1%	13.3%

**Select renewal option**

**Please indicate the renewal option you have selected by initialing one of the three boxes above.** The premium rates agreed upon as part of the renewal will be effective on the Policy Renewal Effective Date. Your signature on the renewal proposal constitutes your acceptance of the terms, conditions, assumptions and contingencies set forth in it.

Please acknowledge your acceptance of the renewal proposal, which includes all pages of the proposal, by signing below and returning the signed page to Ryan Slattery.

Policyholder Signature: _____	Date: _____
Printed Name: _____	Printed Title: _____



Policyholder name:	City of Independence
Account number:	959095
Renewal status:	Firm
Renewal Eff. Date:	January 1, 2024

Specific Stop-Loss coverage

The following options and programs are included in your policy:

Options:

- No New Lasers at Renewal option with Renewal Rate Cap of 50%**  
This option prevents new lasers from being added to the new policy if it renews. The rate cap applies to Specific Benefit rates and the Aggregating Specific deductible (if applicable), and it assumes there are no material changes to the underlying plan, the Sun Life Stop-Loss policy, or the covered group.
- Mirroring Endorsement**  
This option is subject to review and approval by Sun Life and may affect the quoted rates. To include this endorsement with your policy, within 90 days of the policy effective date, we need your plan document and an executed Renewal Options signature page.
- Advance Funding option**  
This option enhances the cash flow of your self-funded plan by advancing the stop-loss funds to you or your administrator up front, before you pay the provider.
- Retiree coverage**
- Rx claims are included and bundled with the administration (no carve-out PBM)**  
This proposal assumes that your stop-loss insurance will include coverage for prescription drug claims and that the standard large claimant reporting from your medical administrator will include both medical and prescription drug claims. Based on the information provided, your PBM vendor is Cigna.

Programs:

- SunElite™ medical document review service**  
SunElite is a medical plan document review service for Sun Life Stop-Loss clients. Your custom SunElite report will analyze the plan's cost-containment, federal law compliance and discretionary authority.
- SunResources® preferred network program**  
SunResources is our preferred cost-containment vendor program. On a voluntary basis, Sun Life clients gain access to an extensive network of cost-containment vendors that have gone through a rigorous vetting process to ensure quality service and performance. SunResources can help lower costs both before and after a catastrophic claim occurs.

The following are not included in your policy:

- Clinical Trials option**
- Electronic Funds Transfer**
- Terminal Liability option**
- Experience Rating Refund**

Producer commissions

Sun Life pays the following commission percent to the Stop-Loss producer: 0.0%.

Specific Benefit Stop-Loss renewal acceptance

Acceptance of your Specific Benefit Stop-Loss renewal by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of large claims over \$50,000 with diagnosis/prognosis for the period of January 1, 2023, through September 30, 2023, with accompanying required information. For large claims, the required information includes paid claims, pending claims, and notification of known situations. Upon review of your large claims information, we reserve the right to recalculate quoted rates.

Sun Life will not reimburse for claims expenses incurred outside the Policy Year parameters.

Aggregate Benefit Stop-Loss

- Features**  
Monthly Aggregate Accommodation is not included.  
Terminal Liability option is not included.

Minimum Attachment Points		
Renewal Option 1	Renewal Option 2	Renewal Option 3
\$23,588,014.21	\$23,941,022.90	\$0.00

- Aggregate Stop-Loss renewal acceptance**  
Renewal acceptance of Aggregate Benefit coverage by Sun Life is subject to timely receipt of a signed renewal proposal and contingent upon a review of monthly claims and lives, by line of coverage, for the period of January 1, 2023, through September 30, 2023. Upon review of that information, we reserve the right to recalculate the Aggregate Benefit Attachment Point.

General coverage

- Captive coverage**  
Any Stop Loss policy issued to a policyholder that is part of a captive program, is excluded from any and all Sun Life incentive, bonus or override programs.

Policyholder name:	City of Independence
Account number:	959095
Renewal status:	Firm
Renewal Eff. Date:	January 1, 2024

- Affordable Care Act accommodations**  
This renewal proposal represents Sun Life's efforts to work with you to meet your requirements under the Affordable Care Act (ACA), including, but not limited to, the dependent age provisions of the ACA. It is the self-funded medical plan's responsibility to keep its census data up to date at all times. If the plan inadvertently does not remove a terminated participant, Sun Life may deny any claims from the participant. However, in that situation, the self-funded medical plan is responsible for the claim.

## Disclosures

1. Sun Life book of business data through March 2020.
2. For complete financial ratings, visit [www.sunlife.com/financialratings](http://www.sunlife.com/financialratings).
3. Sun Life renewal statistics data from 2018 to 2020.
4. Health Research Institute Medical Trend "Behind The Numbers" report 2021.

### Producer licensing

All Sun Life companies require producers using insurance quotes we issue for the purpose of soliciting, selling, or negotiating insurance to be licensed both by the state where the prospective client is located and by any state where the solicitation, sale, or negotiation of insurance occurs, if different. This requirement pertains to all forms of solicitation, sales or negotiation of insurance, including but not limited to solicitation, sale, or negotiation conducted in person, by telephone, by email, by fax, or otherwise.

### Producer compensation

We encourage brokers and their clients to discuss what commission or other compensation may be paid in connection with the purchase of products and services from Sun Life companies. All Sun Life companies may pay the selling broker, agency, or third party administrator for the promotion, sale, and renewal of the products and services offered in this proposal. In addition to our standard compensation, we may make additional cash payments or reimbursements to selling brokers in recognition of their marketing and distribution activities, persistency levels, and volume of business.

For New York situs business, we may pay reduced compensation where fewer services are offered and increased compensation where more services are provided. Producers must comply with the specific compensation disclosure requirements of New York Regulation 194.

### Plan and rates

This renewal proposal is based on the employee census information that was provided. Acceptance of the group and final rates will be determined by the Sun Life home office in the United States based on actual enrollment and case experience, if required. Terms and conditions of any coverage under the policy will be determined by all necessary final data and by underwriting rules, policy requirements, and policy provisions in effect on the date coverage begins.

### Sun Life Companies

The Sun Life group of companies operates under the "Sun Life" name. In the United States and elsewhere, insurance products are offered by members of the Sun Life group of companies that are insurance companies.

Currently, group underwriting companies include Sun Life and Health Insurance Company (U.S.) and Sun Life Assurance Company of Canada. Sun Life Inc., the publicly traded holding company for the Sun Life group of companies, is not an insurance company and does not guarantee the obligations of these insurance companies. Each insurance company relies on its own financial strength and claims-paying ability.

Group stop-loss insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states, except New York, under Policy Form Series 07-SL REV 7-12. In New York, group stop-loss insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) under Policy Form Series 07-NYSL REV 7-12. Product offerings may not be available in all states and may vary depending on state laws and regulations.

### Stop-Loss information

The following services are not insurance and carry a separate charge included with the price of coverage: Clinical 360, owned by Sun Life; SunElite™, owned by Sun Life with services provided by The Phia Group, LLC.

### Information

Issuance of a Stop Loss policy is dependent upon meeting underwriting guidelines and participation requirements.



**If you have any questions or to learn more, contact your Sun Life Stop-Loss Specialist.**

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