

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

2021 Stop Loss Renewal/Marketing Presentation

Presented by:



SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

Table of Contents

I. Executive Summary.....	Page 1
II. Carrier Responses.....	Page 2
III. Financial Summary.....	Page 3
IV. Stop Loss Analysis - Current/Proposed.....	Page 4
V. Estimated Loss Ratio.....	Page 5
VI. Estimated Refunding-Eligible.....	Page 6

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)

EXECUTIVE SUMMARY

FINAL RESULTS

Effective Date: January 1, 2021

I. Stop Loss Marketing and Renewal Results:

- Stop loss RFP marketed to fourteen (14) stop loss carriers. Six (6) carriers quoted the others declined.
- Requested to match current Voya coverage and conditions

II. Voya Renewal:

- **Initial** - Renewal offer is an approximate **9.1% increase**, or an additional \$172,868, in annual premium when compared to current
- **Final** - Renewal offer at the current Specific Deductible of \$450,000 is an approximate **4.8% increase**, or an additional \$90,287, in annual premium and a savings of \$82,580 in annual premium when compared to the initial renewal offer.
- The overall rate action after projected Experience Refund Credit of \$218,398, resulted in a **-6.8% decrease** to current or a reduction of \$128,111, in annual premium.
- **Projected Experience Credit Refund of \$218,398 (Based on claims paid October 1, 2020) subject to renewal with Voya**

Alternate Renewal Deductible Option:

- Renewal Option: **-2.5% decrease** at a **\$475,000** specific deductible or a reductions of \$47,453, in annual premium.
Renewal Option: After Experience Refund, results in a **-14.0% decrease** to current or a reduction of \$265,851, in annual premium.

Proposal Contingencies:

- Includes - Experience Credit Advantage with a maximum premium refund (25% of net profit)
- No New Lasers at Renewal and a 50% Rate Cap
- Includes Mirroring Endorsement
- Individual Gapless Renewal
- Medicare is primary for retirees age 65 and over
- No Re-Disclosure required

III. PartnerRe:

- Proposed Option 1: Proposed offer at the current Specific Deductible of \$450,000, is an approximate **-17.0% decrease**, or a reduction of \$322,064, in annual premium when compared to current.

Alternate Renewal Deductible Option:

- Proposed Option 2: **-19.9% decrease** at a **\$475,000** specific deductible or a reduction of \$377,977, in annual premium.

Proposal Contingencies:

- Includes - Experience Credit Advantage with a maximum premium refund (25% of net profit)
- No New Lasers at Renewal and a 50% Rate Cap
- Includes Mirroring Endorsement
- Medicare is primary for retirees age 65 and over
- Disclosure required

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
Stop Loss RFP Analysis
Carrier Responses

Carrier	Financial Rating	Status	Notes
Voya Financial (Incumbent)	A (Excellent)	Quoted	Finalist
PartnerRe	A+ (Superior)	Quoted	Finalist
Anthem	A (Excellent)	Declined	Uncompetitive with current rates
Berkshire Hathaway	A++ (Superior)	Quoted	7.3% above current rates
Crum & Foster	A (Excellent)	Declined	Uncompetitive with current rates
Gerber Life/Vista UW	A+ (Superior)	Quoted	Uncompetitive with contract terms
Liberty	A+ (Superior)	Declined	Uncompetitive with current rates
Optum	A (Excellent)	Quoted	23% above current rates
Pan American/Evolution Risk	A (Excellent)	Declined	Uncompetitive with current rates
QBE	A (Excellent)	Declined	Uncompetitive with current rates
Reliance Standard	A+ (Superior)	Declined	Uncompetitive with current rates
Sun Life	A+ (Superior)	Declined	Uncompetitive with current rates
Symetra	A (Excellent)	Declined	Uncompetitive with current rates
TM HCC	A++ (Superior)	Quoted	Uncompetitive with contract terms

**SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
FINANCIAL SUMMARY**

Effective Date: January 1, 2021

QUOTED DEDUCTIBLE OPTIONS	\$450,000	\$450,000	\$450,000	\$475,000
	Current Annual Premium	Initial Renewal	Final Renewal	Annual Premium
Voya	\$1,895,312	\$2,068,180	\$1,985,599	\$1,847,859
% Increase/Decrease over Current		9.1%	4.8%	-2.5%
\$ Increase/Decrease over Current		\$172,868	\$90,287	(\$47,453)
PartnerRe			\$1,573,248	\$1,517,335
% Increase/Decrease over Current			-17.0%	-19.9%
\$ Increase/Decrease over Current			(\$322,064)	(\$377,977)

Voya Assumptions/Contingencies

- No fully insured lives are covered.
- Plan must have medical case management and utilization review.
- All claims are reported/paid in U.S. dollars.
- Any costs charged by the claim administrator for reports required to substantiate claims will be paid by the employer.
- The proposal is based on the data submitted. Any changes to this data may allow us to modify the proposal.
- We reserve the right to (i) recalculate Individual Excess Risk Monthly Premium Rates as shown on the Excess Risk Schedule and continue this Policy, or (ii) terminate this Policy in accordance with the Policy Termination provision of this Policy if an increase or decrease in the number of Covered Persons and Covered Dependents that exceeds 15% of the current number covered under the Employee Benefit Plan.
- Plan designs and contribution levels are assumed as submitted to underwriting. Any changes may require an adjustment to the individual excess risk rates and/or monthly aggregate corridor.
- Renewal Rate Cap Endorsement guarantees your subsequent year's renewal will be capped at 50% and no new individual adjusted deductible will apply (laser free renewal).
- Medicare is primary for retirees age 65 and over.
- This proposal includes a Dividend Eligible Agreement.

PartnerRe Assumptions/Contingencies

- Quote is firm with receipt and approval of pended, unpaid and/or denied reports, identification of all individuals receiving a Specialty Rx; all individuals who are being evaluated for or currently included on a transplant list; all individuals on pre-certification list; all individuals diagnosed with SMA (Spinal Muscular Atrophy) under the age of two; all individuals with inpatient/hospital confinements 30 days or longer; all individuals with a trigger diagnosis and executed/signed disclosure by 12/15/20.
- For Plan Mirroring - Current copies of the Plan Document, all Amendments and Restatements of the Plan Document and proposed changes are required to be submitted and approved by PartnerRe prior to binding coverage
- Quotation based on Retirees over 65 are Medicare Primary.
- The Company will pay the Policyholder 25% of the NET profit for this Policy after both parties have agreed to commute the Policy for the specific policy period. Net profit means 60% of gross premium, minus 100% of the total amount reimbursed by Company and any deficit carry-forward from prior policy year(s). Experience refund is payable only if the gross premium is not less than \$1,000,000, the results of the refund calculation are a positive balance, and the Policyholder renews coverage with the Company for a subsequent Policy Period beginning 1/1/22.
- Upon renewal, We guarantee no new lasers for the options shown above in which No New Lasers at Next Renewal is Guaranteed. Please note that this guarantee will not apply to gene and cell therapy. If a participant is diagnosed with a condition potentially enquiring this therapy during the contract period, its possible there will be a laser placed or the rate increase could be higher than 50% at renewal time.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
STOP LOSS MARKETING ANALYSIS - SPECIFIC DEDUCTIBLE LEVELS OF \$450,000 and \$475,000
 Effective Date: January 1, 2020

	Current	Initial Renewal	Final Renewal	Proposed Option 1	Renewal Option	Proposed Option 2
Carrier Name	Voya			PartnerRe	Voya	PartnerRe
Rate Guarantee / Cap	1 Year				1 Year	
Specific Stop Loss (SSL)						
Specific Deductible		\$450,000		\$450,000	\$475,000	
Annual Maximum Reimbursement		Unlimited		Unlimited	Unlimited	Unlimited
Contract Basis		12/18		12/18	12/18	12/18
Covered Expense		Medical, Rx		Medical, Rx	Medical, Rx	Medical, Rx
Specific Premium	Voya			PartnerRe	Voya	PartnerRe
Single (4,748)	\$16.06	\$17.56	\$16.86	\$13.33	\$15.69	\$12.86
Family (2,093)	\$39.03	\$42.51	\$40.81	\$32.40	\$37.98	\$31.24
Composite (6,841)	\$23.09	\$25.19	\$24.19	\$19.16	\$22.51	\$18.48
Specific Monthly Premium	\$157,943	\$172,348	\$165,467	\$131,104	\$153,988	\$126,445
Specific Annual Premium	\$1,895,312	\$2,068,180	\$1,985,599	\$1,573,248	\$1,847,859	\$1,517,335
% Increase/Decrease over Current		9.1%	4.8%	-17.0%	-2.5%	-19.9%
\$ Increase/Decrease over Current		\$172,868	\$90,287	(\$322,064)	(\$47,453)	(\$377,977)

2020 Projected Experience Credit Refund (Claims as of 10/31/20) *	\$218,398	\$218,398
Projected Annual Cost Summary	\$1,985,599	\$1,847,859
Experience Credit Refund	(\$218,398)	(\$218,398)
Projected Annual Premium (after Experience Credit)	\$1,767,201	\$1,629,461
% Increase/Decrease over Current	-6.8%	-14.0%
\$ Increase/Decrease over Current	(\$128,111)	(\$265,851)

*Voya paid claims as of 10.31.2020. Claims payments could change by policy end, resulting in a different refund amount.

*Per dividend agreement, refund is capped at 15% of premium.

*The above numbers are projections. Final accounting will be based off of updated claims and terms of the 2020 agreement.

*Contract period does not end until 6/30/2021. Groups are not reviewed for a premium refund until 6 months after the contract period.

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
ESTIMATED LOSS RATIO

Contract Year	Carrier	Spec. Deductible	Basis	Covg.	Monthly Premium	Claims Over Sepec. Ded.	Stop Loss Recovery
YTD 10/2020	Voya	\$450,000	12/18	MED/RX	\$1,852,320	\$432,679	23.4%
CY 2019	Voya	\$450,000	12/18	MED/RX	\$1,534,403	\$39,266	2.6%
CY 2018	Voya	\$450,000	12/18	MED/RX	\$1,748,131	\$543,555	31.1%
					\$5,134,854	\$1,015,500	19.8%

SAN JOAQUIN VALLEY INSURANCE AUTHORITY (SJVIA)
REFUNDING ELIGIBLE EXAMPLE

Voya -	
Refunding Agreement:	<u>Expected (based on claims through October 31, 2020)</u>
Net Premium (provided by Voya)	\$2,009,653
Loss Threshold	65%
Threshold Dollar Amount	\$1,306,274
Actual Incurred Claims (Anthem reporting)	\$432,679
End of Year Loss Ratio	21.5%
Total Excess	\$873,595
<u>Refund Percentage</u>	<u>25% of the Excess</u>
Lesser of Estimated Eligible Refund or Max. Refund	\$218,399
% of Premium Returned (capped refund @15% of premium)	11%

Additional Assumptions and Definitions:

Loss Threshold: This represents the amount of premium that is available to share with the client.

Loss Ratio: Must be below 65% of gross premium to achieve a refund.

Total Excess: Equals the threshold dollar amount minus actual incurred claims.

Refund Percentage: The group will receive 25% of the excess premium below the 65% loss threshold, to a max of 15% of total premium.

Eligible Refunds: Will be calculated 6 months after the benefit period and is subject to renewal with Voya.