



STOP-LOSS

Expertise

Renewal proposal created for
Township of West Orange

Presented by
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Why choose Sun Life again?



About Sun Life Financial U.S.

In the United States, Sun Life Financial is the 7th largest employee benefits insurer in the U.S.,¹ serving more than 60,000 employers in small, medium and large workplaces across the country. Beyond our stop-loss product offering, Sun Life's broad portfolio of products and services in the U.S. includes disability, absence management, life, dental and vision, and voluntary insurance.

Employers of all sizes experience high-cost medical claims.

As a leading independent stop-loss carrier² with strong financial ratings,³ we're here for you. Listening to you. Helping you design a stop-loss plan that fits your business with the risk management solutions, specialization and strength you need, plus seamless, hassle-free claim reimbursements. Let us put more than 35 years of stop-loss expertise to work for you.

- Wide range of product options, benefits, and services
- Tailored, flexible coverage designed to meet the needs of your business
- Predictable renewals
- Innovative approaches to educational opportunities



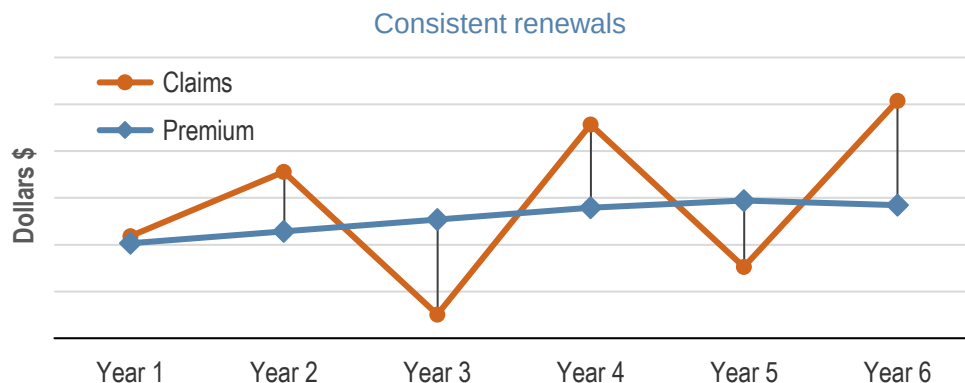
Predictable renewals

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 that of other customers. This is called "pooling", which 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 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.

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%

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: which services are included; co-payments; deductibles; employee contributions; incentives; wellness programs; participation levels

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

The group's attributes: the demographics of the employee population; the geographic location of the employer; the type of industry



Medical trend

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.



Leveraged trend

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.

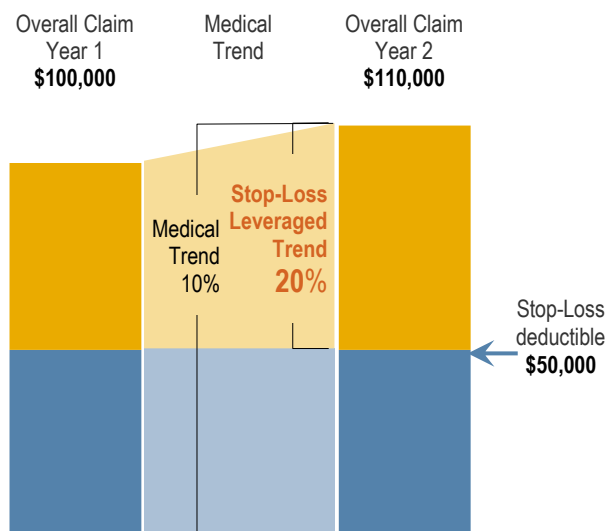
If the stop-loss deductible remains the same from year to year, the division of risk between the employer and the stop-loss insurer will change and the stop-loss carrier will assume a larger portion of the risk in return for higher premiums.

How can you reduce the impact of leveraged trend?

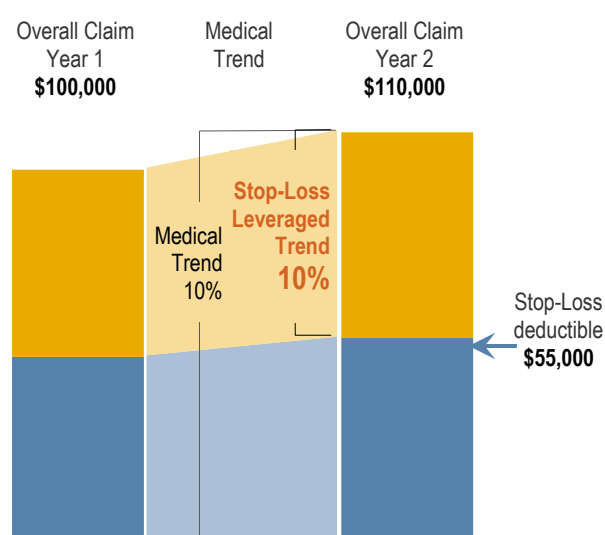
An employer can help offset the effect of leveraged trend on its Specific stop-loss premium by choosing a higher Specific deductible.

Leveraged trend example...

Impact without a change to Stop-Loss Deductible



Impact with an increase to Stop-Loss Deductible



Renewal options

October 15, 2018

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 all of the pages in the 'Renewal options' and 'Renewal options, continued' tabs to me by December 1, 2018, in order to avoid a lapse in coverage.

Policyholder name:	Township of West Orange	Account number:	904951
Policyholder Address:	66 Main St	Renewal status:	Open
	West Orange, NJ 07052	TPA Name:	UMR, Inc.
Situs State:	NJ	PPO Name:	United Healthcare, Options PPO
Renewal Eff. Date:	January 1, 2019		

Current and renewal rate summary

Tier	Employees
Employee only	215
Employee plus spouse	165
Employee plus child	37
Family	175
Total	592

Specific Stop-Loss policy details and renewal options

Plan thresholds	Current	Renewal	Renewal option 1	Renewal option 2
Individual Specific deductible	\$200,000	\$200,000	\$225,000	\$250,000
Aggregating Specific deductible	None	None	None	None
Annual maximum	Unlimited	Unlimited	Unlimited	Unlimited
Lifetime maximum	Unlimited	Unlimited	Unlimited	Unlimited
Specific rates	Current	Renewal	Renewal option 1	Renewal option 2
Claims basis	24/12	PAID	PAID	PAID
Benefits covered	Medical	Medical	Medical	Medical
Employee only	\$42.53	\$60.82	\$55.09	\$48.63
Employee plus spouse	\$85.89	\$122.83	\$111.26	\$98.21
Employee plus child	\$73.62	\$105.28	\$95.36	\$84.18
Family	\$126.79	\$181.32	\$164.24	\$144.98
Total monthly premium	\$48,227.99	\$68,969.61	\$62,472.57	\$55,146.26
Renewal rate action as a % increase to current monthly premium		43.0%	29.5%	14.3%

Aggregate Stop-Loss policy details and renewal options

Aggregate rates	Current	Renewal	Renewal option 1	Renewal option 2
Aggregate Benefit Maximum	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Per employee per month rate	\$3.87	\$4.06	\$4.06	\$4.06
Total monthly premium	\$2,291.04	\$2,403.52	\$2,403.52	\$2,403.52
Renewal rate action as a % increase to current monthly premium		4.9%	4.9%	4.9%

Aggregate thresholds and rates	Current	Renewal	Renewal option 1	Renewal option 2
Claims basis	24/12	Paid	Paid	Paid
Benefits covered	Medical Only	Medical Only	Medical Only	Medical Only
Corridor	125%	125%	125%	125%
Minimum Attachment Point %	100%	100%	100%	100%
Composite Aggregate deductible factor	\$1,317.49	\$1,616.20	\$1,634.76	\$1,658.59
- Medical	\$1,317.49	\$1,616.20	\$1,634.76	\$1,658.59
Minimum Attachment Point	\$779,954.08	\$956,790.40	\$967,777.92	\$981,885.28
Estimated monthly renewal liability	\$779,954.08	\$956,790.40	\$967,777.92	\$981,885.28
Renewal rate action as a % increase to current monthly aggregate deductible factors.		22.7%	24.1%	25.9%

Total estimated annual plan costs

Total costs	Current	Renewal	Renewal option 1	Renewal option 2
Total annual premium	\$606,228.36	\$856,477.56	\$778,513.08	\$690,597.36
Annual Aggregate Attachment Point	9,359,448.96	11,481,484.80	11,613,335.04	11,782,623.36
Total estimated self-funded plan costs	\$9,965,677.32	\$12,337,962.36	\$12,391,848.12	\$12,473,220.72
Renewal rate action as a % increase to total estimated annual plan cost.		23.8%	24.3%	25.2%

Select renewal option			
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Please acknowledge acceptance of the terms and conditions of the renewal proposal by signing below and returning all pages of the proposal to Tom Nauta.

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

Authorized Signature: _____	Date: _____
Printed Name: _____	Printed Title: _____

Renewal options, continued

October 15, 2018

Policyholder name:	Township of West Orange
Account number:	904951
Renewal status:	Open
Renewal Eff. Date:	January 1, 2019

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. The rate cap applies to Specific 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**

Programs:

- **SunEliteSM 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**

Assumptions

- **Transplant rider**
Sun Life assumes that if a Transplant rider is in place with your health-care plan, Sun Life is designated as secondary claims payer.

Producer commissions

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

Specific Stop-Loss renewal acceptance

Acceptance of your Specific 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, 2018, through September 30, 2018, 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.

Renewal options, continued

October 15, 2018

Policyholder name:	Township of West Orange
Account number:	904951
Renewal status:	Open
Renewal Eff. Date:	January 1, 2019

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

Aggregate Stop-Loss

- **Features**

Monthly Aggregate Accommodation is not included.
Terminal Liability option is not included.

Minimum Attachment Points

Renewal	Renewal Option 1	Renewal Option 2
\$11,481,484.80	\$11,613,335.04	\$11,782,623.36

- **Aggregate Stop-Loss renewal acceptance**

Renewal acceptance of Aggregate 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, 2018, through September 30, 2018. Upon review of that information, we reserve the right to recalculate the Aggregate Attachment Point.

General coverage

- **Assumptions**

The above rates assume that your underlying plan will be brought into compliance with the Mental Health Parity Act and that covered expenses, as defined under the Mental Health Parity Act, will be covered as "any other illness". This renewal proposal also assumes that there are no underlying plan limits that are inconsistent with the guidelines established by the Americans with Disabilities Act.

- **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. According to the rescission provision of the ACA, the self-funded medical plan is responsible for keeping 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. As of year-end 2016, SLF's U.S. group benefits business was the seventh-largest group benefits carrier (excluding group health care) in the U.S. based on revenue, from publicly disclosed financial data for U.S. Group Benefits businesses, as compiled by Sun Life.
2. \$1.2 billion of in-force premium as of December 31, 2016.
3. Data as of 2013–2016.
4. For current financial ratings, please visit www.sunlife.com.

Producer licensing

All Sun Life Financial 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, sale, 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

All Sun Life Financial companies may pay the selling broker, agency, or third-party administrator compensation for the promotion, sale, and renewal of the products and services offered in this proposal. In addition to our standard compensation arrangements, 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. 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 the company. For New York-issued cases, producers must comply with the specific compensation 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 Financial Companies

The Sun Life Financial group of companies operates under the "Sun Life Financial" and "Sun Life" names. In the United States and elsewhere, insurance products are offered by members of the Sun Life Financial 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 Financial Inc., the publicly traded holding company for the Sun Life Financial 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.

Stop-Loss information

The Sun Life Stop-Loss catastrophic cancer claim reimbursement must be based on the International Statistical Classification of Diseases and Related Health Problems (ICD-10) cancer codes 140-239. To receive a reduction in the Sun Life Stop-Loss Specific deductible, the Sun Life Cancer rider must be in force as well as Sun Life Critical Illness and Cancer Insurance.

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

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.

Information

Issuance of these policies is dependent on meeting underwriting guidelines and participation requirements.

Note regarding employees covered or considering coverage under Health Savings Accounts (HSA) established in connection with High Deductible Health Plans (HDHPs): Based on the limited available regulatory guidance, Sun Life believes its "Critical Illness Insurance," "Critical Illness and Cancer Insurance," and "Critical Illness, Cancer-Only

Insurance" (Cancer Insurance) are appropriate for use with an HSA and may be purchased when employees and/or their family members are covered under an HDHP. However, Sun Life cannot provide legal or tax advice. If there are legal or tax questions arise we suggest that employees consult their own legal or tax advisor before purchasing this insurance.

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Proposal for Township of West Orange
GSLOT-2551, SLPC 24342 0518 (exp. 520)

