

FUNDING ARRANGEMENTS

Features & Benefits



Amount of Risk =>

Cash Flow Needed =>

	Lowest			Moderate		Highest	
FEATURES & BENEFITS	FULLY INSURED			COMBINATION FULLY INSURED & SELF-FUNDED		SELF-FUNDED	
	Conventional Funding-- Prospectively Rated	Conventional Funding--Shared Surplus	Conventional Funding--Retrospectively Rated	Split-Funded Group Plan--Carrier Holds the Reserve	Split-Funded Group Plan--Customer Holds the Reserve	Administrative Services Only With Stop Loss-- Individual, Aggregate or Combination of Both	Administrative Services Only Without Stop Loss
SERVICES							
Insurance Certs	Yes	Yes	Yes	Yes	Yes	No	No
RETENTION							
Preset Expenses per Employee	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mimimized Premium Tax	No	No	No	Yes	Yes	Yes (only on stop loss)	Yes (no taxes)
Reduced Risk Charge	No	No	No	No	No	Yes (no risk charge)	Yes (no risk charge)
BANKING							
Improved Plan Sponsor Cash Flow	No	No	No	Yes	Yes	Yes	Yes
Up-Front Deposit Required (Minimum Balance)	No	No	No	No	No	Optional	Optional
Cumulative Monthly Budgeting	N/A	N/A	N/A	Yes	Yes	Yes (with aggregate stop loss)	No
CLAIM LIABILITY							
Liability for Claims Significantly Higher than Expected	Carrier	Carrier	Carrier	Carrier	Carrier	Carrier/Employer	Employer
Individual Catastrophic Claim Protection (Pooling)	Yes	Yes	Yes	Yes	Yes	Yes (individual stop loss available)	No
Claim Fluctuation Margin	No	Yes	Yes	Yes	Yes	No	No
STATE-MANDATED BENEFITS							
Apply to Benefits Plan	Yes	Yes	Yes	Yes	Yes	No	No
ACCOUNTING PROCEDURES							
Year-End Accounting Provided	No	Yes	Yes	Yes	Yes	No	No
Deficit Cap Forward	N/A	No	Yes	Yes	Yes	N/A	N/A
Deficit Cap Available	N/A	N/A	Yes	Yes	Yes	N/A	N/A



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