



# **Insurance & Employee Benefit Plans**

Presented By:

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## **CONCEPTS & ISSUES**

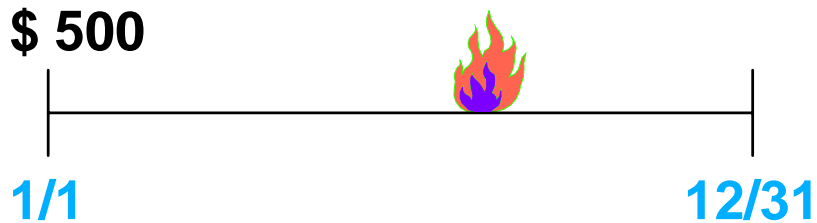
- **Fully insured**
- **Self-insured & self-funding**
- **Premium calculation methods:**  
**Prospective - Retrospective**
- **Premium rating methods:**  
**Pooling - Experience**

**The Good ... The Bad ... The Ugly ...**



# FULLY INSURED

## HOMEOWNERS POLICY

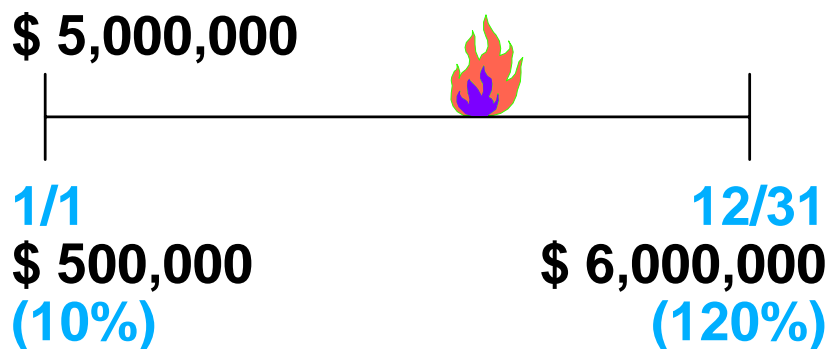


PROSPECTIVE

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# FULLY INSURED

## LOTS of HOUSES



RETROSPECTIVE

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## ***SELF-INSURED***

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### **HOMEOWNERS POLICY**



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## ***SELF-FUNDING***

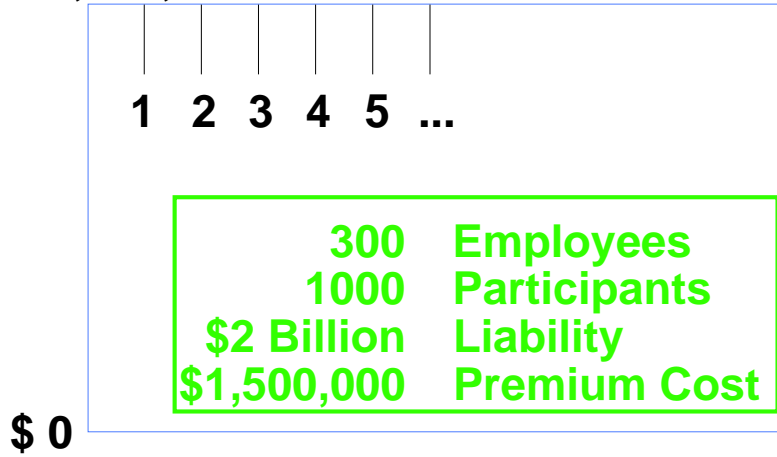
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**Financial management vehicle through a combination of fully insured, experience rated and self-insured concepts.**

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# SELF-FUNDING

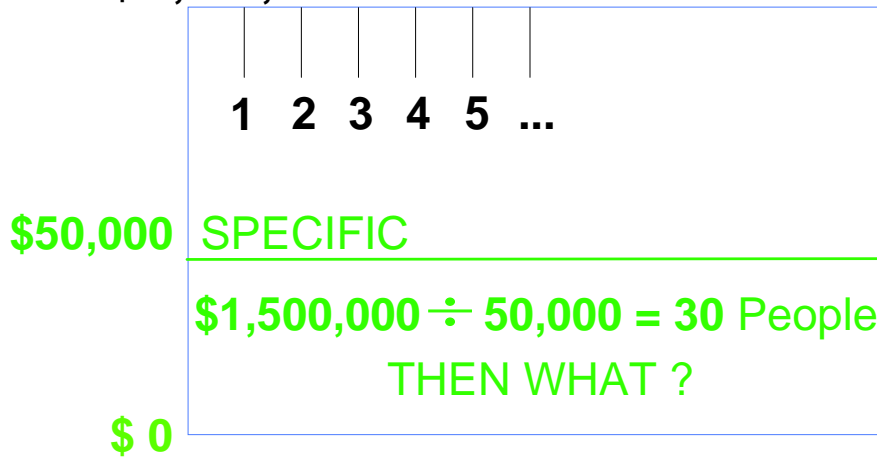
\$ 2,000,000 Lifetime maximum



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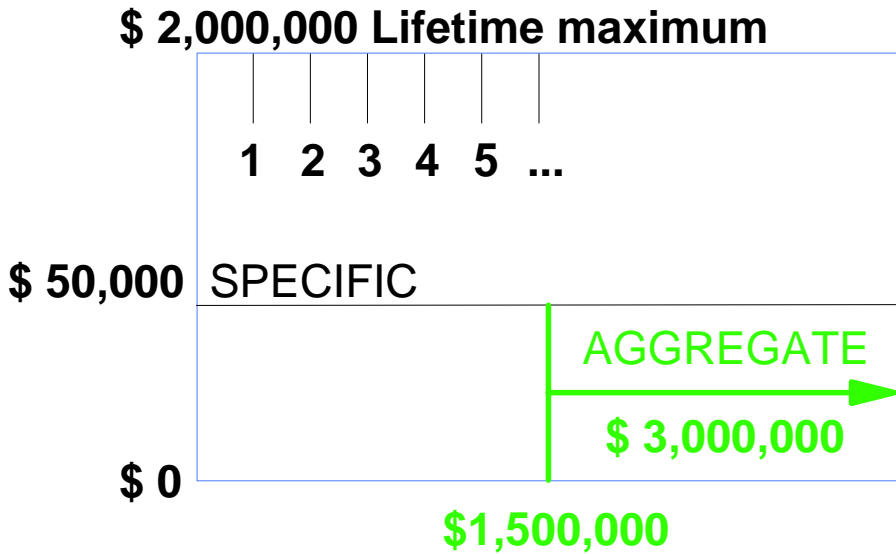
# SELF-FUNDING

\$ 2,000,000 Lifetime maximum



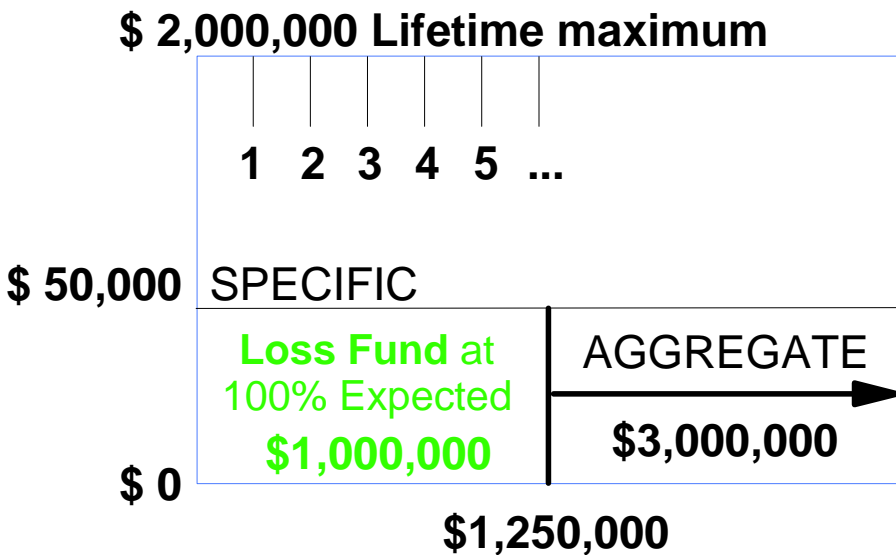
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# SELF-FUNDING



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# SELF-FUNDING



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# COMPARISON

## FULLY INSURED

\$1,500,000

Loss Fund

Admin

Specific

Aggregate

## SELF-FUNDING

\$1,250,000

\$ 90,000

\$ 150,000

\$ 10,000

\$1,500,000

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# DENTAL - TYPICAL DESIGN

\$1,000 / Person / Calendar Year

**A**  
Cleanings  
100%  
2 times  
per year

**B**  
Fillings  
80/20  
co-insurance

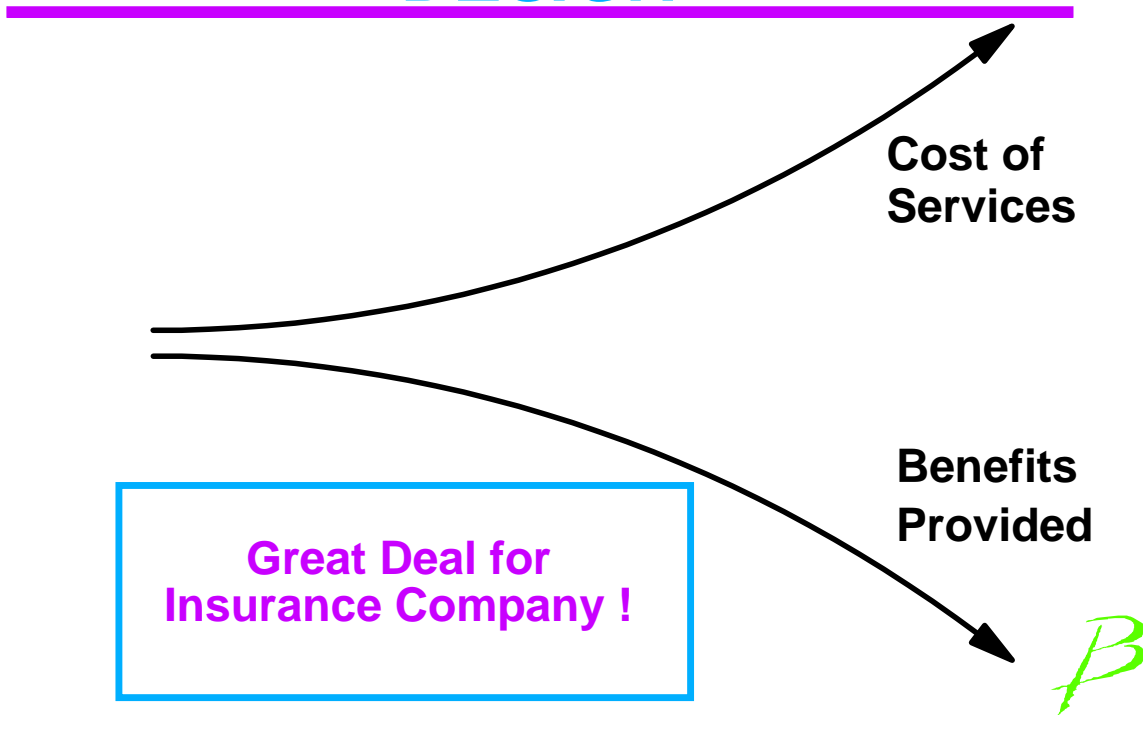
**C**  
Crowns  
50/50  
co-insurance

\$50 deductible per person  
3 per family

**D**  
Ortho-  
donics  
  
\$1,000  
Lifetime  
Maximum  
  
50/50  
co-insurance  
  
\$50 lifetime  
deductible

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# DENTAL - TYPICAL DESIGN



# DENTAL SIMPLIFIED DESIGN

Employee Excess		
\$1,000 maximum per person		
Co-payment	70	30
choices	75	25
	80	20
	85	15
	Employer	Employee
Deductible ?		



**Ain't fun to go to the dentist !**

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## SHORT TERM DISABILITY

Old	Plan Provisions	New
- 1st Day Accident - 8th Day Sickness	<b>Benefits Commence</b>	- 15th Day Accident - 15th Day Sickness
13 or 26 Weeks	<b>Benefit Period</b>	26 Weeks
66 2/3%	<b>Benefit % Pay</b>	75 - 85%
\$300 / Week	<b>Benefit \$ Limit</b>	None
Total	<b>Definition of Disability</b>	- Own Occupation - ER Qualified - Partial

## IMPORTANT ISSUES

- 80 / 10 / 10 rule
- 1st year gain 25%
- Aggregate attachment point (deductible)  
100% to 150% of expected claims
- Law of large numbers - predictability
- Run Outs / Run Ins
- Loss fund factor
- Reimbursement / indemnification contract

## **IMPORTANT ISSUES** *(cont'd)*

- **Incurred / paid / incurred and paid**
- **Fluctuation year to year**
- **Frequency and severity**
- **Keep self-funding savings**
- **Aggregate claims not limited in ...  
experienced rated contracts.**

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## **GENERAL RECOMMENDATIONS**

- **Pooled**
  - **Life Insurance**
  - **LTD**
  - **Specific / Aggregate**
- **Experience**
  - **STD**
  - **Dental**

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