PERR KNIGHT

SERVICE REFERENCE GUIDE

ACTUARIAL CONSULTING FOR SELF-INSURED EMPLOYEE HEALTH BENEFITS

Continually increasing health care costs have recently led many corporations of varying size to consider self-insuring their employee benefits. While self-insurance provides many benefits to employers, including reduced costs, better cash flow management and the ability to create a custom designed benefit plan, it also introduces many unique challenges.

Now, more than ever before, employers must understand the specific financial and regulatory requirements associated with self-insurance. Employers must also make important decisions regarding what coverage and limits to self-insure, and then properly fund and reserve for future costs. Perr&Knight's actuarial consultants can help meet these unique challenges. Perr&Knight's actuarial consultants provide our clients with:

- A comprehensive array of actuarial services
- Extensive industry knowledge and expertise
- Accomplished project management and consulting skills
- Excellent communication skills

Since our founding in 1994, Perr&Knight has worked with hundreds of clients across multiple industries and of varying size who engage in alternative risk financing, including self-insurance. A number of our alternative risk financing clients self-insure their employee benefits. Perr&Knight provides a complete array of actuarial services for companies who self-insure their employee benefits, including:

BUDGET RATE DEVELOPMENT

Our actuaries can project future health benefit claim cost levels and administration expenses based on historical company and/or industry data to calculate the necessary budget funding rates for an upcoming plan year that align with the company's desired coverage tier structure. In addition, COBRA rates calculated in "good faith compliance and a reasonable interpretation of COBRA" can easily be developed from these budget rates.

IBNR VALUATIONS

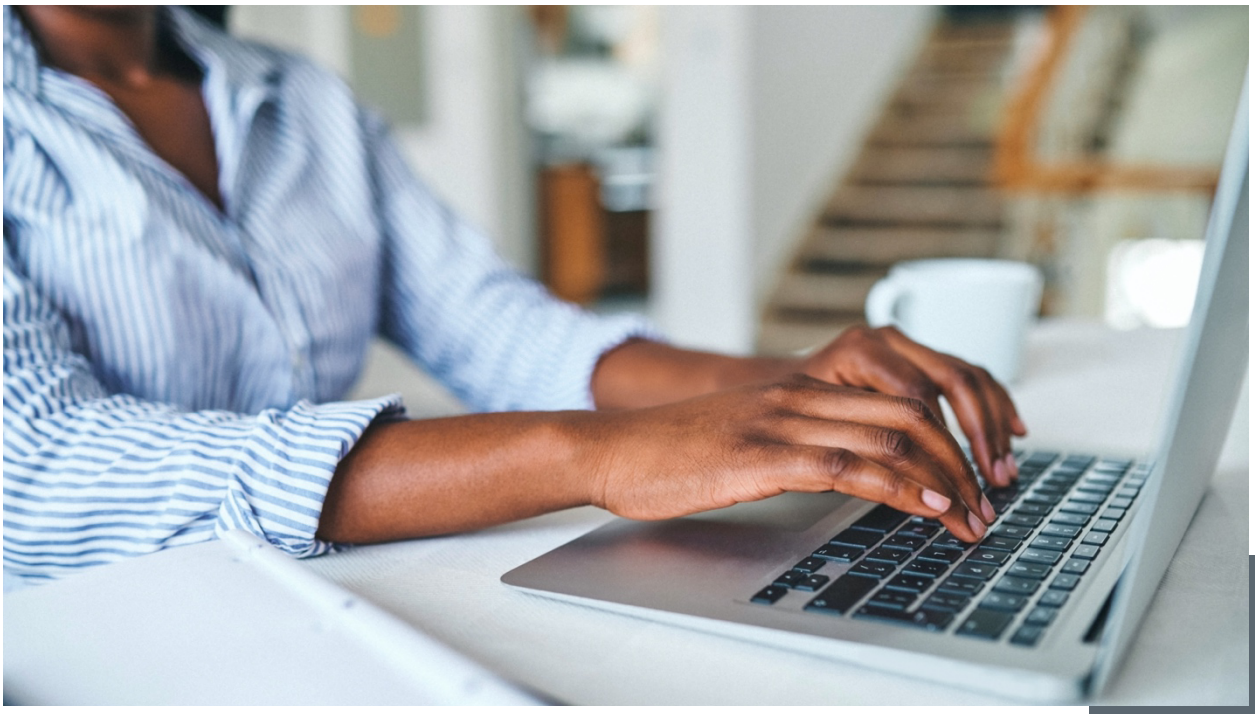
Perr&Knight's health actuarial consultants have extensive experience calculating accurate incurred but not reported ("IBNR") claims reserves for companies who self-insure their employee benefits. We work with our clients' claims administrators to obtain the necessary data and use generally accepted actuarial methods to produce reserve estimates as frequently as needed by our clients' financial departments during the plan year.

ANALYSIS OF THE IMPACT OF STOP-LOSS REINSURANCE

Perr&Knight assists companies in the evaluation of the right level of medical stop loss with a third party or a captive insurer. We analyze quotes from stop loss carriers to help our clients understand the best value for the company based upon cost and the desired level of risk tolerance.

PLAN DESIGN CHANGE IMPACT ANALYSES

As companies look to balance attractive benefits and affordable costs, our actuarial consultants can calculate the cost impact, to both the company and the employees, of introducing Health Spending Accounts and/or changing covered benefits, in and out-of-network benefit differences, deductibles, coinsurance, co-payments, out-of-pocket maximums and employee contribution levels. Our analyses are thoughtful and clearly explained to provide employers with the right information to make meaningful, cost-effective decisions regarding plan design revisions.



Perr&Knight's actuarial consultants can obtain premiums charged by health insurance carriers and industry loss statistics from insurance carrier rate filings from around the country in order to make projections for an employer that has no experience, or to supplement an employer's historical data.

All actuarial analysis is subject to our robust peer review and technical review processes to ensure that our recommendations and results are based on accurate and thoughtful calculations.

Perr&Knight's accredited consulting actuaries meet the requirements of the American Academy of Actuaries Code of Professional Conduct, in that we annually fulfill the prescribed continuing education requirements and satisfy applicable qualification standards associated with the services we provide. Perr&Knight is committed to the professional education and development of our actuaries, and as a result boasts a team of knowledgeable, well-rounded professionals familiar with cutting edge methods and technologies who are guided by core actuarial standards and principles.

ABOUT PERR&KNIGHT

For over 30 years, Perr&Knight has provided insurance consulting and software solutions to the property & casualty and life, accident & health industries.

Our consulting services combine deep insurance expertise with technology, data and automation to help clients move from strategy through execution. Our capabilities include strategy (PK Blueprint), actuarial consulting, applied AI consulting, product development, insurance policy and forms consulting, regulatory compliance, compliance and operational assessments and training, state filings, agency and entity licensing, technology consulting, statistical reporting and data services, predictive analytics, and bureau monitoring and maintenance.

PK1Cloud is Perr&Knight's integrated insurance technology platform, designed to bring product development, filings, compliance, data, workflows, and institutional knowledge into a connected environment. The platform incorporates a growing range of AI and automation capabilities to help insurance professionals analyze information, streamline routine work, accelerate product development and navigate regulatory requirements more efficiently. From concept to market and throughout the ongoing product lifecycle, PK1Cloud helps carriers, MGAs and program administrators work faster, improve visibility and control, reduce friction and manage regulatory complexity with greater precision.

With offices nationwide and nearly 200 insurance professionals, including more than 35 credentialed actuaries, PK is among the largest independent actuarial and insurance consulting firms in the United States. For more than three decades, we have helped our clients not only respond to change in the insurance industry, but build what comes next.

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