**ATTACHMENT #6**

 **COST PROPOSAL**

All fees are to be guaranteed for at least 2 years; guaranteed fees beyond two years will receive additional points in the Cost Proposal as a value-added feature.

LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT

PREMIUM QUOTATION SECTION

Please provide your life and AD&D cost proposals in the following table. All quotes are for the current plan of benefits referenced in the RFP materials.

A.1. BASIC LIFE - EXPERIENCE RATED/NON-PARTICIPATING

January 1, 2024 - December 31, 2025 (minimum rate guarantee)*(1)*

|  |  |
| --- | --- |
| **Coverage** **(Per $1,000)** | **Rate per $1,000** |
| Basic Life (Non-Contributory)  | $ |
| Basic AD&D (Non-Contributory) – Fully Pooled | $ |

*(1) Actual length of guarantee \_\_\_\_\_\_\_\_\_\_\_\_\_\_ months.*

A.2. SUPPLEMENTAL LIFE – EXPERIENCE RATED/NON-PARTICIPATING

|  |  |
| --- | --- |
| **Coverage (Per $1,000)** | **Premium** |
| **Year 1** | **Year 2** | **Year 3** | **Year 4** |
| Supplemental Life |  |  |  |  |
| Under 29 | $ | $ | $ | $ |
| 30-34 | $ | $ | $ | $ |
| 35-39 | $ | $ | $ | $ |
| 40-44 | $ | $ | $ | $ |
| 45-49 | $ | $ | $ | $ |
| 50-54 | $ | $ | $ | $ |
| 55-59 | $ | $ | $ | $ |
| 60-64 | $ | $ | $ | $ |
| 65-69 | $ | $ | $ | $ |
| 70-74 | $ | $ | $ | $ |
| 75-79 | $ | $ | $ | $ |
| 80-84 | $ | $ | $ | $ |
| 85-89 | $ | $ | $ | $ |
| 90 and Over | $ | $ | $ | $ |
|  |  |  |  |  |
| Supplemental AD&D – Fully Pooled | $ | $ | $ | $ |

*NOTE: All rates must be guaranteed for at least the period January 1, 2024 through December 31, 2025. Note that rates for plan years 3 and 4 are maximum rates, subject to downward revision, based on experience and subsequent negotiation.*

A.3. RETENTION ILLUSTRATION

Basic Life

Experience Rated/Non-Participating Basis

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024 | 2025 | 2026 |
| Paid Premium (net of AD&D) | $ | $ | $ |
| Paid Claims | $ | $ | $ |
| IBNR Reserve  | $ | $ | $ |
| Pooling Charge | $ | $ | $ |
| Total Incurred | $ | $ | $ |
|  Commissions | $ 0 | $ 0 | $ 0 |
|  All Other | $ | $ | $ |
|  Taxes | $ 0 | $ 0 | $ 0 |
|  Interest Credit  | $ | $ | $ |
| Total Retention | $ | $ | $ |
| Percent of Premium | % | % | % |

Our retention illustration is based on an assumed incurred loss ratio of %.

Our retention will increase % for each 10% increase in incurred loss ratio.

Our retention will decrease % for each 10% decrease in incurred loss ratio.

 A.4. RETENTION ILLUSTRATION

Supplemental Life

Experience Rated/Non-Participating Basis

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2024 | 2025 | 2026 |
| Paid Premium (net of AD&D) | $ | $ | $ |
| Paid Claims | $ | $ | $ |
| IBNR Reserve  | $ | $ | $ |
| Pooling Charge | $ | $ | $ |
| Total Incurred | $ | $ | $ |
|  Commissions | $ 0 | $ 0 | $ 0 |
|  All Other | $ | $ | $ |
|  Taxes | $ 0 | $ 0 | $ 0 |
|  Interest Credit  | $ | $ | $ |
| Total Retention | $ | $ | $ |
| Percent of Premium | % | % | % |

Our retention illustration is based on an assumed incurred loss ratio of %.

Our retention will increase % for each 10% increase in incurred loss ratio.

Our retention will decrease % for each 10% decrease in incurred loss ratio.

**LONG TERM DISABILITY**

B.1. PREMIUM QUOTATION SECTION

January 1, 2024 - December 31, 2025 (minimum rate guarantee)*(1)*

|  |  |
| --- | --- |
| **Experience Rated** | **Rate per $100 of covered payroll** |
| Non-Participating | $ \_\_\_\_\_\_\_\_\_ |

*(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_actual guarantee (# of months).*

*Note: Rate must be guaranteed for at least the period of January 1, 2024 through December 2025.*

B.2. RETENTION ILLUSTRATION

Long Term Disability (current plan)

Experience Rated/Non-Participating Basis Only

|  |  |  |  |
| --- | --- | --- | --- |
|  | Year One | Year Two | Year Three |
| Paid Premium | $ | $ | $ |
| Paid Claims | $ | $ | $ |
| IBNR Reserve  | $ | $ | $ |
| Pooling Charge | $ | $ | $ |
| Total Incurred | $ | $ | $ |
|  Commissions | $ 0 | $ 0 | $ 0 |
|  All Other | $ | $ | $ |
|  Taxes | $ 0 | $ 0 | $ 0 |
|  Interest Credit  | $ | $ | $ |
| Total Retention | $ | $ | $ |
| Percent of Premium | % | % | % |

Our retention illustration is based on an assumed incurred loss ratio of %.

Our retention will increase % for each 10% increase in incurred loss ratio.

Our retention will decrease % for each 10% decrease in incurred loss ratio.

**LONG TERM DISABILITY**

B.3. PREMIUM QUOTATION SECTION

January 1, 2024 - December 31, 2025 (minimum rate guarantee)*(1)*

|  |  |
| --- | --- |
| **Experience Rated** | **Rate per $100 of covered payroll** |
| Participating | $ \_\_\_\_\_\_\_\_\_ |

*(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_actual guarantee (# of months).*

*Note: Rate must be guaranteed for at least the period of January 1, 2024 through December 31, 2025.*

B.4. RETENTION ILLUSTRATION

Long Term Disability (current plan)

Experience Rated/Participating Basis Only

|  |  |  |  |
| --- | --- | --- | --- |
|  | Year One | Year Two | Year Three |
| Paid Premium | $ | $ | $ |
| Paid Claims | $ | $ | $ |
| IBNR Reserve  | $ | $ | $ |
| Pooling Charge | $ | $ | $ |
| Total Incurred | $ | $ | $ |
|  Commissions | $ 0 | $ 0 | $ 0 |
|  All Other | $ | $ | $ |
|  Taxes | $ 0 | $ 0 | $ 0 |
|  Interest Credit  | $ | $ | $ |
| Total Retention | $ | $ | $ |
| * Percent of Premium
 | % | % | % |
| Plan Year Net Gain or Loss | $\_\_\_\_\_\_\_\_\_\_\_\_\_ | $\_\_\_\_\_\_\_\_\_\_\_\_\_ | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Previous Year Surplus/Deficit |  | $\_\_\_\_\_\_\_\_\_\_\_\_\_ | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Year End Surplus/Deficit |  | $\_\_\_\_\_\_\_\_\_\_\_\_\_ | $\_\_\_\_\_\_\_\_\_\_\_\_\_ |

Our retention illustration is based on an assumed incurred loss ratio of %.

Our retention will increase % for each 10% increase in incurred loss ratio.

Our retention will decrease % for each 10% decrease in incurred loss ratio.

**Cost Proposal Questions**

1. Please describe the rate guarantees your organization is proposing.
2. Please confirm that the following services are included in your quoted premium rate structure:

a. Assigned customer service unit and dedicated 800 number

b. Medical/disability case management

c. SSDI advocacy through the Administrative Law Judge level

d. Independent Medical Examinations Program

e. Vocational rehabilitation

f. Performance tracking, program metrics, surveys, data analysis

g. Functional capacity examinations

h. Information systems

i. Mail and postage

j. Employee communications

k. Other overhead expenses, if yes please explain

**Life Insurance**

1. Please explain how you developed the rates for your Life quotation including:

a. Credibility applied to historical claim data

b. Projected level of paid claims in each year of the program

c. Expected margin requirements

d. IBNR reserve levels

e. Estimated retention expense

f. Specify as a percentage of premium:
1. Paid Claims \_\_\_\_
2. IBNR \_\_\_\_
3. Pooling \_\_\_\_
4. Margin \_\_\_\_\_
5. Retention \_\_\_\_\_
6. Total \_\_\_\_ (should equal 100%)

1. Are waiver of premium or pending life claims on AD&D claims included in incurred claims?
2. Reserves - Describe how your life claim reserves are established.
	1. Is a reserve set up for known and/or approved waiver of premium claims? What is the amount?
	2. What interest credit is applied to that amount and how is it calculated?
	3. Do you set up a reserve for unknown waiver of premium claims? If so, please describe.
	4. Do you establish any other reserves? If yes, please describe in detail.
	5. Are these reserves returnable?
3. Does the calculation of your life renewal rates differ from the development of the initial rates? If yes, please describe.
	1. How will projected incurred claims be estimated?
	2. What experience period will be used in the first renewal?
	3. What credibility will be given to each period of experience used?
	4. How will you consider claims incurred prior to the anniversary date but paid subsequent to that date if payment is made prior to preparation of the annual experience accounting? Are these considered paid claims?
	5. What is your desired loss ratio for renewal rating purposes?
4. Deficits - Will any deficits be carried forward from one term of the agreement to the next? If so, please explain.
	1. Is there any interest charge (or loss of interest credit) on deficits during the contract period in which they are created? In subsequent periods? Describe the interest charge or loss of credit.
5. Provide the performance areas as well as the dollar amounts or percentage of life premium which you are proposing to put at risk.

**Disability Insurance**

Explain how you developed the rates for your LTD quotation. In addition, please detail:

* 1. Credibility applied to historical claim data
	2. Projected level of paid claims in each year of the program
	3. Expected margin requirements
	4. IBNR reserve levels
	5. Estimated retention expense
	6. Specify as a percentage of premium:
	1. Paid Claims \_\_\_\_
	2. IBNR \_\_\_\_
	3. Pooling \_\_\_\_
	4. Margin \_\_\_\_\_
	5. Retention \_\_\_\_\_
	6. Total \_\_\_\_ (should equal 100%)
1. Reserves – Describe your reserving policy. Include information on length of disability, interest credits on reserves, etc.
	1. Will you credit interest on surplus policyholder reserves from the policy termination date to the date the final claims liability is determined? If so, at what interest rate?
	2. What is the interest rate used for developing disability reserves? What is the basis for determining the interest rate each year?
	3. Do you establish any other reserves? If yes, please describe in detail.
	4. Are these reserves returnable?
2. Does the calculation of your LTD renewal rates differ from the development of the initial rates? If yes, please describe.
3. Deficits - Will any deficits be carried forward from one term of the agreement to the next? If so, please explain.
	1. Is there any interest charge (or loss of interest credit) on deficits during the contract period in which they are created? In subsequent periods? Describe the interest charge or loss of credit.
4. Provide the performance areas as well as the dollar amounts or percentage of LTD premium which you would propose to put at risk.