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# GROUP INSURANCE LTD MARKETING REPORT 2018

PRESENTED TO:

## READINGTON TOWNSHIP BOARD OF EDUCATION

PRESENTED BY:

**JAMES T. FINN, CLU**  
SENIOR VICE PRESIDENT, EMPLOYEE BENEFITS  
JULY 20, 2018

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[WWW.ADVISORSBB.COM](http://WWW.ADVISORSBB.COM)

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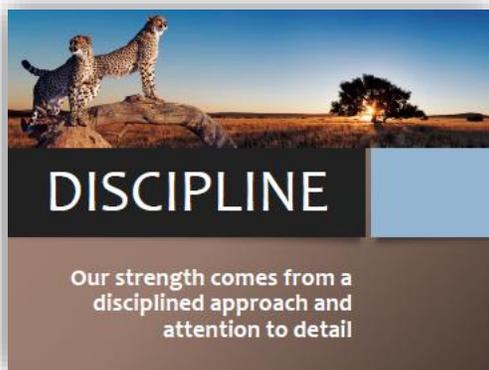
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# Mission Statement

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Our mission at *Brown & Brown Benefit Advisors* is to provide our clients with customized solutions and a long-term benefits strategy resulting in a high quality, affordable employee benefits program. We strive to bring together the innovative products of our insurance carriers with our advantageous services. We pride ourselves on delivering responsive, accurate customer service and extensive underwriting analysis and rate negotiations.

Our clients' unique needs deserve the highest degree of professionalism. We continually improve upon our abilities to deliver this quality service to our clients. Our client's decision to award us with their account is a privilege not to be taken lightly. An agency is only as good as the clients that honor them with their account.



## About Our Firm & Services

# About Brown & Brown Benefit Advisors

We are an insurance broker focused on managing employee benefits programs for our clients. We focus on understanding our clients' needs and delivering solutions such as analyzing the benefits and financial performance of the program to develop a long-term strategy that meets the client's objectives. Our market position and experience empowers us to negotiate the best renewals with carriers, and our staff works tirelessly to resolve issues, educate employees, and provide the necessary regulatory guidance on topics such as Health Care Reform.

***We believe our people, expertise and services can make a difference.***

- With offices in Lambertville, Mount Laurel, Roseland and Shrewsbury, our firm represents over 300 NJ School Districts and manages over \$708 million in annual premium, which provides us with unparalleled leverage when negotiating with insurance carriers
- Our staff of over 45 professionals with all senior benefit advisors possessing 20 or more years of employee benefits experience
- Our clients and carriers serve as our best reference with a client retention rate over 98%
- Our firm takes pride in the reputation it has built in the community and with its clients, carriers and associates
- With over 75 years in business, our parent company, Brown & Brown, is one of the nation's top ten insurance brokers (NYSE: BRO) with over 190 offices in the U.S.
- The value we bring to our clients rests to a large degree on the strength of our relationships with insurance carriers and our ability to provide our clients with cost effective, quality benefits programs backed by responsive and accurate customer service

## WHY OUR CLIENTS CHOOSE BROWN & BROWN?

**Our professional staff is passionate about understanding the needs of our clients and utilizing the collective wisdom of our team to identify and implement solutions that positively impact our clients' benefits program.**



# Employee Benefits Products & Carriers\*

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*Brown & Brown Benefits Advisors  
offers the following products & providers to our clients...*

## **Products:**

- Fully Insured & Self-Funded
- Minimum Premium & Retrospective Rating
- Public Employer Trust
- Health Insurance Funds
- Medical
- Prescription Drug
- Dental
- Vision
- Group Life
- Long Term/Short Term Disability
- Voluntary Benefits
- Student Accident
- FSA - Flexible Spending Accounts
- HSA - Health Savings Accounts
- HRA - Health Reimbursement Arrangements
- Section 125 Premium Only Plans
- Section 125 Cafeteria Plans
- COBRA Administration
- Online HR & Benefits Administration
- ACA Reporting Services

## **Carriers:**

- Aetna
- AFLAC
- AmeriHealth
- Assurant (National General)
- Benecard Services
- Bollinger Insurance
- CIGNA
- Colonial Life
- CVS/Caremark
- Davis Vision
- Dearborn National
- Delta Dental Plan of NJ
- Express Scripts
- Guardian
- Hartford
- Horizon Blue Cross Blue Shield of NJ
- Lincoln Financial Group
- Maxor Pharmacy Services
- MetLife
- National Vision Administrators (NVA)
- NJ State Health Plan / SEHBP
- Principal Financial
- Superior Vision
- Sun Life
- The Standard
- United Concordia Dental
- United Healthcare / Oxford
- United Healthcare Vision (Spectera)
- UNUM
- Vision Service Plan (VSP)

\*These lists are not meant to be a complete representation of all products offered and carriers represented.

# Professional Association Memberships

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Our firm holds membership in the following organizations:

- NJ Association of School Administrators, Allied Business Members
- NJ Association of School Business Officials, Associate Business Members
- NJ School Boards Association, Corporate Member
- Burlington County Association of School Business Officials
- Camden County Association of School Business Officials
- Essex County Association of School Business Officials
- Gloucester County Association of School Business Officials
- Hunterdon/Warren County Association of School Business Officials
- Monmouth Ocean Foundation for Children, Inc.
- Monmouth County Association of School Business Officials
- Morris County Association of School Business Officials
- Ocean County Association of School Business Officials
- Passaic County Association of School Business Officials
- Somerset County Association of School Business Officials
- Union County Association of School Business Officials

A partial list of speaking/educational engagements includes:

- NJ Association of School Business Officials Spring Conference – 15+ times
- NJ Association of School Administrators/School Boards Association Spring Conference – 10 times
- NJ Business & Industry Association
- Warren County School Boards Association

- Bergen County Association of School Business Officials
- Burlington County Association of School Business Officials
- Camden County Association of School Business Officials
- Cumberland/Salem Counties Association of School Business Officials
- Essex County Association of School Business Officials
- Gloucester County Association of School Business Officials
- Hunterdon/Warren County Association of School Business Officials
- Monmouth County Association of School Business Officials
- Ocean County Association of School Business Officials
- Somerset County Association of School Business Officials
- Sussex County Association of School Business Officials
- Union County Association of School Business Officials

- Atlantic County Superintendents Roundtable
- Burlington County Superintendents Roundtable
- Essex County Superintendents Roundtable
- Morris County Superintendents Roundtable

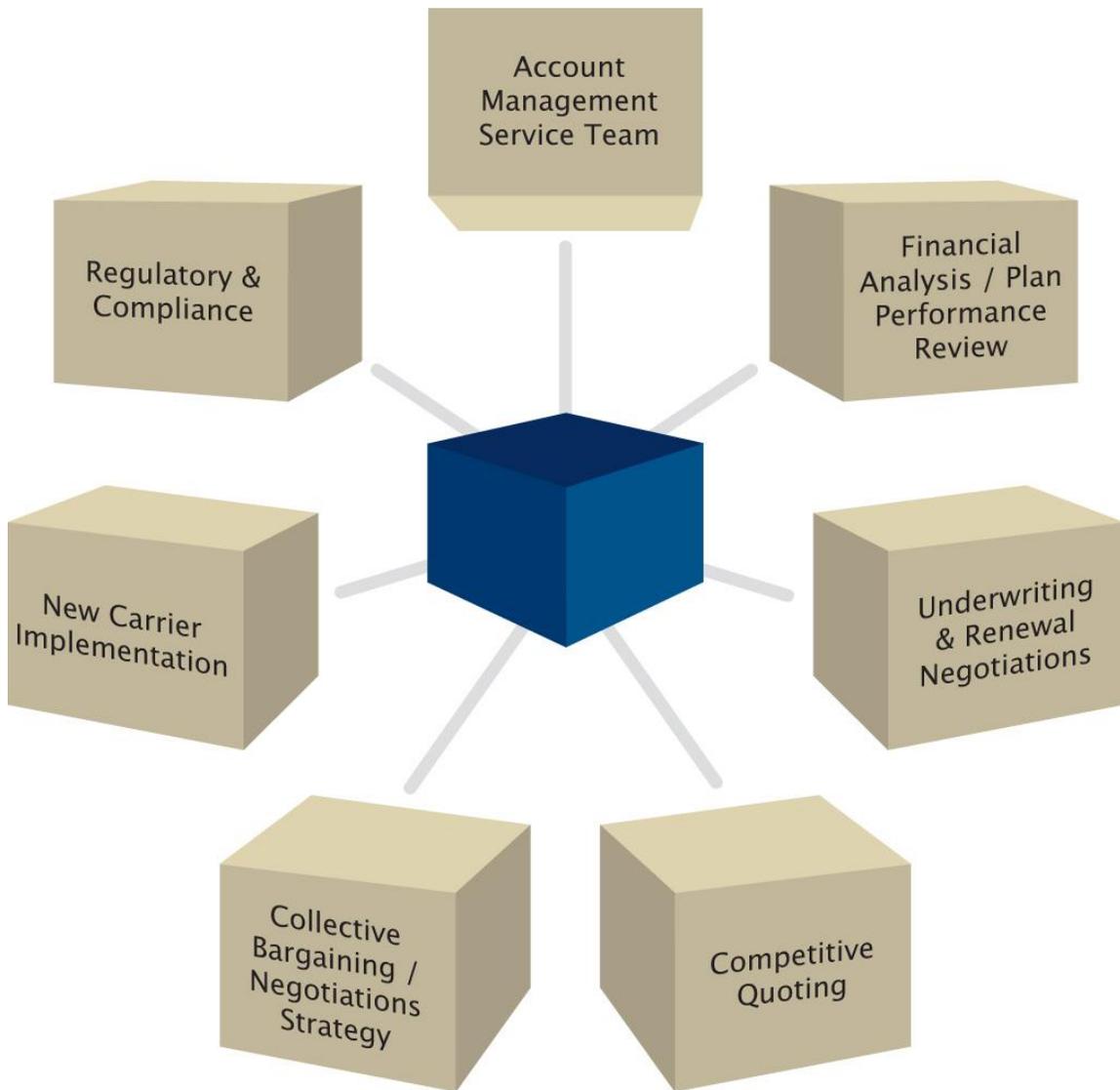
- NJASBO, Business Administrator Certification Training Program
- NJ School Boards Association Legislative Committee

- NJ School Boards Fall Workshop – 2005, 2007, 2008, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017

# Our Services

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Since 1972, our firm has built a solid reputation of delivering exceptional and responsive service. We realize the main purpose of our existence is to service our clients. Our firm's definition of service incorporates several distinct areas. The below illustration depicts the various aspects of our client service model and the following pages will highlight each segment in greater detail.



# Account Management Team

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Your dedicated account management team is responsible for managing the day to day service of your account and is comprised of the professionals listed below. We place a great deal of emphasis on client service at all levels and by all means. Our team approach to account management has given our clients an extremely high level of satisfaction and security with proven results.

## **BENEFIT CONSULTANT TEAM**

Responsibilities include financial analysis, benefit strategy, renewal negotiations, regulatory guidance, employee educational meetings/open enrollment, and identifying and implementing customized solutions to address unique client objectives. Responsible for Administration and service issues and claims assistance for the administration and employees to ensure the day to day service issues are resolved on a timely and accurate basis.

### **James T. Finn, CLU – Senior Vice President, Employee Benefits Division & Property-Casualty Division**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [jfinn@advisorsbb.com](mailto:jfinn@advisorsbb.com)

### **Mary Muscarella, CEBS - Account Executive**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [mmuscarella@advisorsbb.com](mailto:mmuscarella@advisorsbb.com)

### **Danielle Sullivan - Account Specialist**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [dsullivan@advisorsbb.com](mailto:dsullivan@advisorsbb.com)

## **REGULATORY & COMPLIANCE**

### **Jason Della Penna – Senior Vice President, Employee Benefits Regulatory Affairs**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [jdellapenna@advisorsbb.com](mailto:jdellapenna@advisorsbb.com)

### **Mary Costanzo – Assistant Vice President**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [mcostanzo@advisorsbb.com](mailto:mcostanzo@advisorsbb.com)

## **SENIOR EXECUTIVE**

### **Louis Della Penna – Executive Vice President**

Phone: 609-397-3088 | Fax: 609-397-0082 | Email: [loujr@advisorsbb.com](mailto:loujr@advisorsbb.com)

## Account Management Service Team

- Dedicated service team to resolve any issues that may arise such as claims or billing issues or any other administration issues such as enrollment changes, exception requests, etc.
- **HR Workplace Services** – dedicated team of HR professionals available via phone or email to provide guidance on HR issues and regulatory compliance on benefit topics such as Health Care Reform, COBRA, HIPAA, Overage Dependents, Disability, FMLA, Medicare Part D, employee handbook review, etc.
- **Client Portal** – a web based technology tool offering benefits and HR content, such as:
  - Federal Legislation Guides for Health Care Reform, COBRA, HIPAA, FMLA
  - Downloadable articles, brochures, forms and charts
  - Share resources and information with thousands of industry peers
  - Provide comprehensive, health-related information, in ready-to-print newsletters to your employees helping them make smart and informed healthcare, consumer-related decisions

## Financial Analysis / Plan Performance Review

*For groups with over 100 enrolled, our firm performs an extensive evaluation of claims experience and compares group specific trends to benchmarking data.*

- Conduct a complete review of existing employee benefit plans including benefit levels, claims experience, funding arrangements, and contractual obligations to identify group specific trends and help determine a realistic budget estimate
- Explore cost containment measures that will positively impact future claims experience and develop a long term benefit strategy
- Examine monthly, quarterly, and/or annual claims experience depending on group size and carrier reporting guidelines

## Underwriting & Renewal Negotiations

*Negotiating the most cost effective rates is clearly one of the most important aspects of our service model. As a result, we thoroughly analyze the claims experience and underwriting formula and negotiate in most cases directly with the underwriting management of the insurance carriers to provide our clients with the best possible rates.*

- Examine monthly claims data and generate our own comprehensive underwriting analysis
- Review the carrier's renewal underwriting formula and compare it to our own analysis to identify areas and/or factors that might not be in line with the market
- Review competitive proposals and perform aggressive rate negotiations with current and alternate carriers to obtain the most cost effective rates for our clients

## **Competitive Quoting**

*As market conditions are constantly changing, our firm consistently evaluates what products are available and identifies new options to provide our clients with the best solutions available. That includes interviewing prospective insurers and evaluating company data and specifications.*

- We collect, review, and interpret all financial, claims, demographic/census, and benefit data, and then prepare customized Request for Proposals – our firm defines the program requirements consistent with any relevant union collective bargaining agreements
- Evaluate the NJ State Health Benefits Program in two key areas, financial and benefits administration
- Compare & contrast submitted proposals with current programs while placing particular emphasis on benefits and financials, as well as, network access and benefits administration
- Results of this process are presented to any appropriate parties with initial recommendations

## **Collective Bargaining / Negotiations Strategy**

*Our experience with collective bargaining over the years is invaluable to our clients and sets us apart. With over 300 school board clients, our firm is exposed to more school board benefit negotiations than any other broker, which enables us to provide valuable input on what other districts are doing.*

- Provide specialized knowledge and experience in all phases of the bargaining process, including arbitration, mediation and fact finding
- Prepare a customized, comprehensive guide on employee benefit negotiation options, including benefit design, new hire language, waiver/opt out options, etc.
- Help develop benefits negotiation strategy and present proposed options to assist with negotiating mutually agreeable settlements

## **New Carrier Implementation**

*Our firm coordinates all aspects of the new carrier implementation including onsite employee education and enrollment meetings with the goal to experience a smooth and pain free transition.*

- Explain the benefits being offered and answer any questions about the benefits program
- Create and distribute a customized open enrollment brochure/benefits comparison at open enrollment, and distribute detailed instructions on how to enroll with the new carrier, who to contact from our firm with any questions or problems, and how to have any deductibles or coinsurance amounts credited by a new health insurance carrier
- Review, line by line, all new contracts and benefits booklets to confirm the benefits are set up properly to be equal to or better than the coverage being replaced, unless changes had been negotiated

## Regulatory & Compliance

*Our firm continually monitors any health, prescription drug, dental, vision, and other insurance industry legislative activity that could affect our clients' current benefit programs.*

- Review current plan documents/benefits booklets for compliance
- Provide legislative updates on Health Care Reform, including quarterly webinars from the law firm of Miller Johnson, who Brown & Brown contracts with nationally to assist our clients with regulatory matters
- Prepare guidance for required employer notices such as Health Care Reform, CHIPRA, Overage Dependents, Medicare Part D, etc.
- Provide access to **HR Workplace Services**, which is a dedicated team of HR professionals available via phone or email to provide guidance on HR issues and regulatory compliance on benefit topics such as Health Care Reform, COBRA, HIPAA, Disability, FMLA, Medicare Part D, employee handbook review, etc.

## Technology Solutions

*Our firm has experts available to help employers leverage technology solutions to streamline Human Resources & benefits processes. We can offer discounted pricing with strategic partners like Maxwell Health or B-Swift, or we can work with our technology consultant team to identify and implement a customized solution.*

- Through our strategic alliance with **HR Technology Advisors**, we can offer the required expertise to find the right solutions based on our client's unique needs
- Services include HR/Benefits/Payroll Consulting, Vendor Selection, Solution Implementation, and Ongoing Support



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**2018 Renewal**

**READINGTON TOWNSHIP BOARD OF EDUCATION  
GROUP LONG-TERM DISABILITY INSURANCE  
BENEFIT AND FINANCIAL COMPARISON**

	<b>Guardian (Current)</b>	<b>Guardian (Renewal)</b>	<b>MetLife (Proposed)</b>	<b>The Standard (Proposed)</b>	<b>Unum (Proposed)</b>
Elimination period (1)	Greater of 90 calendar days or end of sick leave	Greater of 90 calendar days or end of sick leave	<b>Declined To Quote</b>	90 days	<b>Declined To Quote</b>
Benefit percentage	66 2/3% of CME	66 2/3% of CME		66 2/3% of CME	
Monthly benefit maximum	\$3,500	\$3,500		\$3,500	
Monthly benefit minimum	Greater of 10%/\$100	Greater of 10%/\$100		\$100	
Benefit Duration	To Age 65/ADEA	To Age 65/ADEA		To Age 65	
Mental/Substance abuse	2 years	2 years		2 years	
“Own Occupation” definition (1)	2 years	2 years		2 years	
Survivor’s benefit	3 times	3 times		3 times	
Pre-x (new hires only)	3 mos. / 12 mos.	3 mos. / 12 mos.		3 mos./12 mos.	
Rate per \$100 CME (2)	\$0.26	\$0.29		\$.35	
Monthly volume CME	\$960,851	\$960,851		\$960,851	
Monthly premium	\$2,498	\$2,787		\$3,363	
Annual premium	\$29,979	\$33,438		\$40,356	
Annual difference versus current \$	-	\$3,459		\$10,377	
Annual difference versus current %	-	+11.5%		+34.6%	
Rate guarantee	None	Two Years		Two Years	
A.M. Best rating	A++	A++	A+	A	A

(1) “Own occupation” definition means the period of time from date of disability that definition of “disabled” is met when employee can not perform the regular duties of his or her own occupation. After the “own occ.” period, the employee is disabled if they can no longer perform the material duties for any occupation.

(2) “CME” stands for covered monthly earnings.

# Renewal Premiums At-a-Glance

EMPLOYER-SPONSORED COVERAGE			
Coverage	Current Annual	Renewal Annual	% Change
Long-Term Disability	\$29,979	\$33,438	11.5%

## KEY POINTS OF INFORMATION REGARDING PLAN PRICING

- Product-specific rates shown in this package have been determined based on a number of factors, including employee age and gender, group location, changes in group size and claims experience (when applicable)

**Good News! Some of your plan rates have a rate guarantee and/or rate cap. When a guarantee/cap applies, it will be indicated in the product rating areas within this package.**

Guarantee and Caps are contingent upon the group contract not being amended to change eligibility, benefits, or to add a subsidiary or affiliate location. Also, the number of insured employees may not increase or decrease by more than 25% from the number of employees enrolled in the coverage.

# Renewal Rates At-a-Glance

This plan is currently offered for Insurance Class 1

Good news ! There is a 2 year rate guarantee on this plan

LTD PLAN RATES				
Volume	CURRENT		RENEWAL	
	Monthly Rate	Annual Premium	Monthly Rate	Annual Premium
\$960,851	\$0.260/\$100	\$29,979	\$0.290/\$100	\$33,438

## Action Needed For Your Guardian Coverage

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### **Renewal Census Required**

In order to meet our contractual renewal notice deadline, your plan was renewed based upon the most recent census information we had on file. However, it is important that we maintain accurate salary and census information. Please take this crucial step now to ensure employees receive the maximum coverage they are entitled to under your Guardian salary-based programs. The current census must include the employee's name, gender, date of birth, family status, current salary, and salary effective date. An electronic version of the census in Excel format can be emailed to: [appletonbilling@glic.com](mailto:appletonbilling@glic.com) or by logging on to our secure Guardian Anytime website at [www.guardiananytime.com](http://www.guardiananytime.com).

**PRELIMINARY RESULTS**

# Renewal Rates At-a-Glance

This plan is currently offered for Insurance Class 1

LTD PLAN RATES				
CURRENT			RENEWAL	
Volume	Monthly Rate	Annual Premium	Monthly Rate	Annual Premium
\$960,851	\$0.260/\$100	\$29,979	\$0.290/\$100	\$33,438

III

## Marketing Results

METLIFE  
Employee Benefits Sales and Service  
334 Madison Ave  
Morristown, NJ 07960  
Clark, NJ 07066  
973-355-2791  
800-624-4071  
FAX: 732-680-9353  
800-270-7430

July 20, 2018

Mary Muscarella  
Brown and Brown Benefit Advisors  
To Whom It May Concern,

Thank you for your interest in MetLife and for the opportunity to quote on the benefit program of **Readington Township BOE**.

Unfortunately, we cannot match the group's current plan design. Therefore, we respectfully decline to issue a proposal for this group account.

If we can be of any assistance to you in the future, please don't hesitate to call us at the above number.

We welcome the opportunity to serve you again.

Yours truly,

Anthony Gargiulo  
MetLife



# Your Employee Benefits Proposal

**Prepared for:** Readington Township Board Of Education

**Presented by:** BROWN & BROWN - LIVINGSTON

**Proposal Prepared on:**  
July 11, 2018

[Long Term Disability Insurance](#)

**Proposed Effective Date:**  
August 1, 2018

[Standard Insurance Company](#)





## Long Term Disability Insurance

Protect your employees' income and your company's bottom line. This insurance comes with innovative resources designed to help you build a more productive workplace. Our Workplace Possibilities(SM) program, included at no extra cost, helps employees stay on the job and return to work sooner. While not all claims can be shortened, the program has proven to reduce disability duration by an average of 24 days per claimant (as of Mar. 31, 2014, based on internal company data). That's just one example of how we add real value as your partner.

### Covered Members

A regular employee of the Employer working 30 or more hours per week.

	Voluntary LTD Plan 1	Voluntary LTD Plan 2
<b>Benefit Schedule</b>	66 2/3%	66 2/3%
<b>Insured Predisability Earnings</b>	\$5,250	\$8,400
<b>Maximum Monthly Benefit</b>	\$3,500	\$5,600
<b>Minimum Monthly Benefit</b>	\$100	\$100
<b>Benefit Waiting Period</b>	90 Days	90 Days
<b>Maximum Benefit Period</b>	To age 65	To age 65
<b>Guarantee Issue Amount</b>	Full Benefit	Full Benefit
<b>Employer Contribution</b>	98%	98%
<b>Minimum Participation</b>	Greater of 100% or 10 lives	Greater of 100% or 10 lives
<b>Taxability of Benefits</b>	Partially Taxable	Partially Taxable
<b>Own Occupation Period</b>	24 Months	24 Months
<b>Partial/Residual Disability</b>	Included	Included
<b>Preexisting Condition Period</b>	3/12	3/12
<b>Mental &amp; Nervous Limitation</b>	24 months	24 months
<b>Substance Abuse Limitation</b>	24 months	24 months
<b>Return to Work Incentive</b>	12 months	12 months
<b>Employee Assistance Program</b>	Included: 3 face-to-face	Included: 3 face-to-face



## Additional Plan Design Details

- The Standard pays the employer's matching FICA and Medicare taxes and prepares W-2s for members receiving LTD benefits.
- The plan includes the Workplace Possibilities(SM) program, an innovative approach to addressing and reducing the causes of absence and disability - with innovative tools and resources designed to help keep your employees productive and on the job.
- This coverage includes a \$25,000 Reasonable Accommodation Expense Benefit, which reimburses employers for workplace modifications that enable employees to return to or remain at work. The Reasonable Accommodation Expense Benefit is separate from the LTD claim payment.
- A Rehabilitation Plan Benefit is included, which increases the LTD benefit amount by 10% of predisability earnings, not to exceed the maximum benefit, when member is participating in an approved rehabilitation plan. This benefit will also assist in paying for approved expenses incurred by a disabled member a part of an approved rehabilitation plan.
- Survivors Benefit pays a lump sum equal to 3 times the non-integrated LTD benefit.
- Continuity of Coverage.
- The limitations included in the policy are combined lifetime limitations.



## Cost

	Voluntary LTD Plan 1	Voluntary LTD Plan 2
<b>Members</b>	205	205
<b>Volume</b>	\$957,473	\$1,078,092
<b>Rate: Percent of earnings</b>	.350	.361
<b>Monthly Premium</b>	\$3,351	\$3,894
<b>Rate Guarantee</b>	2 years	2 years

## Assumptions

- Final rates are subject to change if actual enrollment varies from the assumed enrollment of 100%
- Sick leave payable to the member will be used as deductible income.
- Workers' compensation benefits will be considered deductible income.
- Primary and dependents Social Security benefits will be used as deductible income.
- Rates assume the group participates in Social Security and State Disability Income.
- Rates include electronic documents. Printed certificates are available for an additional cost.
- Rates assume billing is centralized in one location.

## Conditions

- We require evidence of insurability for:
  - Members who enroll more than 31 days after they are first eligible for coverage.
  - Members eligible under the current plan but not enrolled.
- Rate assumes that coverage is currently in force.
- Confirmation that you participate in Social Security and State Disability Income is required.
- Final rates will be based on actual enrollment.
  - Plan 2
- The plan includes a 3/12 preexisting condition exclusion for increased benefits.

## More Information

For additional information on the available features and benefits of Long Term Disability Insurance from The Standard:

Click here for California: <http://www.standard.com/ca-group-long-term-disability>  
 Click here for all other states: <http://www.standard.com/group-long-term-disability>



## Producer Compensation Disclosure

We recognize the valuable role of insurance advisors, consultants and brokers ("producers") in helping their clients design an employee benefits program, and we support reasonable and fair compensation for these services. Producers may be eligible to receive compensation from The Standard.

The commission quoted in this proposal are noted below. Additionally, fees for administrative, marketing or consulting services may apply. If applicable, fees are noted below.

Normal commission scale ([www.standard.com/compensation/eb/](http://www.standard.com/compensation/eb/)) included for LTD.

Unless participation is declined by the producer or client, contingent compensation is additional compensation that may also be paid and is dependent on the satisfaction of one or more minimum requirements, such as a specified amount of new premium volume or persistency in connection with the producer's block of business. For information about our customary producer rewards program visit [www.standard.com/compensation/eb/](http://www.standard.com/compensation/eb/). Some producers may have a contingent compensation arrangement that differs from our customary program. Please consult with your producer for additional details.

## About This Employee Benefits Proposal

We appreciate the opportunity to provide you with this benefit and cost summary proposal from The Standard. This document outlines certain important features of the group insurance coverages available. This is not a contract or an offer to contract for such coverages. Detailed information about other important features of the coverage proposed is available on request. Just ask your broker/consultant or your representative at The Standard.

A completed application must be submitted before a group can be considered for coverage. Insurance will be effective after the application is accepted by The Standard. If approved, we will issue a contract containing our customary language. It will not duplicate policy language from another carrier. The group contract will contain provisions and defined terms not described in this Employee Benefits Proposal. The group contract will control if there are discrepancies between it and this proposal.

This benefit and cost summary proposal expires on October 09, 2018, unless replaced or withdrawn by The Standard.

The proposed premium rate and plan design for each coverage are based on the underwriting data received by The Standard. Final premium rates and plan provisions will be determined by The Standard on the basis of: applicable state laws, policyholder contributions, confirmation of occupations, the actual composition of the group of persons who will become insured and our current underwriting rules and practices.

## Financial Strength Ratings

For information about our Financial strengths ratings visit [www.standard.com/about](http://www.standard.com/about)



July 9, 2018

To: Mary Muscarella  
Re: DTQ – Readington Board of Education

Dear Mary,

Thank you for the opportunity to quote on Readington Board of Education. While Unum is aggressively quoting new business in 2018, there are occasionally plan designs and industries that necessitate a conservative pricing approach.

Unfortunately, we are unable to release a proposal due to uncompetitive rates.

Thanks again for the opportunity, and please let me know if you have any further requests for this prospect.

Sincerely,

Chip

**Chip Morel**

Unum – Sales Consultant

150 JFK Parkway | Short Hills NJ 07078

[cmorel@unum.com](mailto:cmorel@unum.com) | Office 732.396.2015 | Cell 908.666.2371

IV

## **Insurance Carrier Ratings & Disclaimers**

# A.M. BEST'S INSURANCE RATINGS

**The insurance company providing coverage has the following A.M. Best Financial Rating:**

A++ to C- = Highest to Lowest Rating

XV to I = Largest to Smallest Rating

**Financial Performance Rating:**

FPR9 - FPR1 = Very Strong to Poor Rating

**Not Rated Companies:** NR

**Carrier:**

Guardian Life Ins Co of America

Metropolitan Life Insurance Company

Standard Insurance Company

Unum Life Ins Co of America

**Best's Rating  
for Stability:**

A++

A+

A

A

**FSC Rating for  
Assets/Surplus:**

XV

XV

XIII

XV

# Current Guide to A.M. Best's Ratings

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## **Best's Rating:**

*Represents an opinion based on a company's financial strength, operating performance and market profile*

Secure Best's Ratings: A++ to B+ (Superior to Very Good)

Vulnerable Best's Ratings: B to D (Fair to Poor)

## **Financial Performance Rating:**

*Represents an opinion based primarily on a quantitative evaluation of a company's financial strength and operating performance for companies that do not meet A.M. Best's minimum requirements in size and/or operating experience*

Secure FPR Ratings: 5 - 9 (Good to Very Strong)

Vulnerable FPR Ratings: 1 - 4 (Poor to Fair)

**Not Rated Companies:** NR

## **Rating Modifiers:**

u = Under Review (change in financial condition)

pd = Public Data (Insurers do not subscribe to Best's rating process)

s = Syndicate (operating at Lloyds)

## **Financial Size Categories:**

*Reflects the company's size based on its capital surplus and conditional reserve funds in millions of U.S. dollars, using the scale below:*

FSC I	less than 1	million	FSC IX	250 to 500	million
FSC II	1 to 2	"	FSC X	500 to 750	"
FSC III	2 to 5		FSC XI	750 to 1,000	
FSC IV	5 to 10		FSC XII	1,000 to 1,250	
FSC V	10 to 25		FSC XIII	1,250 to 1,500	
FSC VI	25 to 50		FSC XIV	1,500 to 2,000	
FSC VII	50 to 100		FSC XV	greater than 2,000	
FSC VIII	100 to 250		" -- "	unknown / not rated	

# Disclaimers

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## Brown & Brown Disclaimers and Disclosures:

The proposal must include all pertinent disclaimers and disclosures, including but not limited to the following:

- The analysis of the following plans is a summary. Please refer to the policy certificate for a full list of coverage and exclusions.
- The rates and benefits in this proposal are based upon underwriting factors which include, but are not limited to, the census provided, the effective date shown, the status of employees/dependents (i.e. actively at work, COBRA, FMLA), final enrollment, etc. If any of the aforementioned changes prior to the proposed effective date, the final provisions, including rates, for these plans may vary or result in the proposed plan to be withdrawn.
- If you select to change carriers, any existing plans with other carriers should not be cancelled until advised by Brown & Brown Benefit Advisors..
- This proposal may not be a complete listing of all available benefit options. Different benefit levels may be available.
- This presentation is the proprietary work product of Brown & Brown Benefit Advisors and is not authorized for further use or distribution
- All insurance carriers have their own operating procedures. A change in carrier could affect certain benefits and coverage.
- Brown & Brown Benefit Advisors representatives are available to explain any items presented. It is assumed that the recipients of this proposal will seek an explanation of any items that may be in question.
- Brown & Brown Benefit Advisors representatives may from time to time provide guidance regarding certain requirements affecting health plans, including the requirements of federal and state health care reform legislation. Such guidance is based on good-faith interpretation of laws and regulations currently in effect, and is not intended to be a substitute for legal advice. Employers should contact their own legal counsel for advice regarding legal requirements.
- The network provider/facility lists obtained via paper directories or carrier websites may contain providers and facilities that are no longer participating in the insurance carriers' networks. We cannot be responsible for any changes to the provider/facility listings that are not reflected. To ensure that a specific provider or facility is still participating in the provider's preferred network, we recommend contacting the provider/facility directly.
- Failure to adhere to provisions of the Affordable Care Act (such as pay-or-play, employer reporting requirements, benefit mandates, etc.) may result in significant fees and penalties to the employer. For a more comprehensive explanation of what fees and penalties may apply to you, you may contact your Brown & Brown Benefit Advisors representative at any time.
- You are required to comply with Health Care Reform's Summary of Benefits & Coverage (SBC) distribution guidelines, which include requirements for SBC distribution at the plan renewal date. If an employee must enroll to continue coverage, the SBC must be provided when open enrollment materials are distributed. If enrollment materials are not distributed, employees must receive an SBC by the first day they are eligible to enroll. For insured plans, if coverage continues automatically for the next year, the SBC must be provided at least 30 days before the beginning of the new plan year. If the policy is not issued by that date, the SBC must be provided within seven business days once the information is available. Please refer to the Department of Health & Human Services' (HHS) official guidance for complete details regarding renewal and other SBC distribution guidelines.

Compensation: In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or "pooled") with the premium dollars of other insureds that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, receive loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

Questions and Information Requests: Should you have any questions, or require additional information, please contact this office at 888-537-2829. Or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry/>

*New Jersey law (N.J.S.A. 17:22A-41.1) requires the disclosure of the compensation of a licensed agent or broker (producer) receives from your purchase or renewal of health coverage. Compensation may be in the form of a commission, fee(s), or possibly other valuable consideration, or a combination of all three.*

*Healthcare costs have risen at dramatic rates over the past several years. However, most people do not fully understand how each dollar of premium is spent. The following is an overview of the health care costs and the percentages they represent for each dollar of claims taken from the Milliman Medical Index 2016: Inpatient hospital services 31%, physician services 30%, outpatient hospital services 19%, pharmacy 16%, and other 4%.*

*Claims typically account for 85 cents for every dollar of premium. The remaining 15% cover the administrative costs of the program, which include the insurance carrier's administrative expenses, reserve adjustments, medical management, A4 surcharge, taxes and broker commissions. The industry average for broker commission is approximately 3 to 5%, however that amount could fluctuate based on the group size and carrier's standard commission schedules.*

*Our firm is compensated directly by the insurance carrier on a percentage basis, which is included in the insurance premium. The following commission is applicable for the following insurance carriers: Guardian Life Ins Co of America, 15% on first \$15,000, 12.5% on next \$5,000, 10% on next \$5,000, \$5% on next \$25,000, 0.5% excess over \$50,000.*

*Wholesale Broker/Managing General Agent: Savoy Associates*

*This intermediary is not owned in whole or part by Brown & Brown, Inc., the parent company of Brown & Brown Benefit Advisors. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so. In addition to providing access to the insurance company, the Wholesale Insurance Broker/Managing General Agent may provide additional services including, but not limited to: underwriting, loss control; risk placement; coverage review; claims coordination with insurance company; and policy issuance. Compensation paid for those services may be up to 15% of the premium you pay for coverage, and any compensation paid for those services is derived from your premium payment. The fee, if any, for the Wholesale Insurance Broker's/Managing General Agent's services above is no fee.*

*The commissions that our firm receives from the insurance carriers are established from the carriers standard commissions schedules when the policy commenced or based on the commissions levels that had been in force prior to our firm becoming the broker of record.*

*We appreciate the trust and confidence you have placed in our firm's ability to manage your healthcare costs and provide you with industry leading levels of service. We thank you for your continued support.*

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## Glossaries

# Glossary: Medical

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**Balance Billing:** The practice of charging full fees in excess of covered amounts and then billing the patient for that portion of the bill that the payer does not cover.

**Capitation Fee:** A fixed predetermined amount paid to a provider for each person served, without regard to the actual number or nature of services provided to each person in a set period of time. Capitation is the characteristic payment method in HMOs.

**Coinsurance:** A policy provision by which both the insured person and the insurer share covered medical expenses in a specified ratio (e.g., 70%/30%), after the deductible is met.

**Copayments:** Payments made by enrolled members for specific services covered by the plan.

**Deductible:** The amount of out-of-pocket expenses that must be paid for health services by the insured before becoming payable by the carrier.

**Exclusive Provider Organization (EPO):** An in-network only PPO where benefits are covered for care rendered by providers within a specific network without referrals (with some exceptions for emergency and out-of-area services).

**Explanation of Benefits (EOB):** A description, sent to patients by health plans, of benefits received and services for which the health care provider has requested payment.

**Fee-for-Service (FFS):** A method of billing for health services, under which a health provider charges separately for each service rendered. This is the usual method of billing by the majority of physicians.

**Gatekeeper:** Primary Care Physician (PCP) who manages care and provides referrals to participating specialists.

**Health Maintenance Organization (HMO):** An in-network only plan where benefits are covered for care rendered by selected Primary Care Physicians and participating specialists with referrals, with some exceptions for emergency care.

**Inpatient:** A person who occupies a hospital bed while under observation, care, or treatment for at least 24 hours.

**Mandated Benefits:** Benefits required by law to be provided and reimbursed under all insurance policies.

**Maximum Out-of-Pocket Payments:** The maximum amount of money a person will pay in addition to premium payments. The out-of-pocket payment is usually the sum of the copayments, deductible and coinsurance payments, and does not include non-covered expenses.

**Medical Case Management:** Offered by insurance companies, case managers handle high cost claims and recommend specialized care and services targeted to an individual's treatment goals and needs. Often used to deal with catastrophic illnesses, the case manager coordinates care of the patient, from the onset of the illness or injury into acute care hospitalization, specialized care programs and follow-up treatment.

**Outpatient:** A person who visits a clinic, emergency room or health facility and receives health care without being admitted as an overnight patient.

**Outpatient Surgery:** Same day surgery without anticipation of the overnight stay of patients. This is often performed at an ambulatory care facility.

**Outpatient Surgical Facility:** A freestanding center or entity within the hospital that is approved and licensed by the state to perform outpatient diagnostic services or surgical treatment of an illness or injury.

**Point of Service Plan (POS):** A plan that combines access to care on an in-network basis (HMO) and out-of-network basis (indemnity). Although the services of an outside provider are covered, benefits are greater if members select a preferred provider (example \$30 office visit copay vs. deductible and coinsurance).

**Preferred Provider Organization (PPO):** A group of hospitals and physicians that contract on a fee-for-service basis to provide comprehensive medical service. Providers exchange discounted services for increased volume. Similar to a Point of Service plan with in and out of network benefits, but usually do not require a gatekeeper or referrals.

**Preventive Care:** Comprehensive care emphasizing priorities for prevention, early detection and early treatment of conditions, generally including routine physical examinations, immunization and well person care.

**Primary Care:** Routine medical care, normally provided in a doctor's office. Professional and related services administered by an internist, family practitioner, general practitioner, or pediatrician.

**Specialist:** Physician who concentrates on medical activities in a particular specialty of medicine.

# Glossary: Prescription Drugs

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**ACE Inhibitor:** Angiotensin-converting enzyme – Class of medicines used to treat high blood pressure; ACE inhibitors block an enzyme in the body that produces a substance that causes blood vessels to tighten. As a result, ACE inhibitors relax blood vessels.

**Antibiotic:** Chemical substance that either kills or slows down the growth of microorganisms

**Anticoagulant:** Medicine used to prevent the formation of blood clots in the blood vessels

**Average Wholesale Price (AWP):** The published suggested wholesale price of a drug. It is often used by pharmacies as a cost basis for pricing prescriptions. While a reliable pricing reference for brand-name drugs, it can be misleading in the case of generic drugs since each manufacturer establishes its own AWP for the generic drug. This can result in a broad range of prices for the identical product.

**Beta-Blocker:** Beta-adrenergic blocking agent; used in the treatment of high blood pressure; Beta-blockers work by affecting the response to some nerve impulses in certain parts of the body. They decrease the heart's need for blood and oxygen by reducing its workload and help the heart to beat more regularly. Beta-blockers are also used to prevent chest pain or control atrial fibrillation (rapid heart rate).

**Brand-Name Drugs:** A drug protected by a patent issued to the original innovator or marketer. The patent prohibits the manufacture of the drug by other companies as long as the patent remains in effect.

**Formulary:** A listing of prescription medications that will be covered by a plan or insurance contract that often fosters substitution of generic or therapeutic equivalents on a cost-effective basis.

**Generic Drugs:** Drug that is equal in therapeutic power to the brand-name originals because they contain identical active ingredients at the same doses. Available after brand name drugs come off patent.

**Over the Counter (OTC):** Drugs available without a prescription

**Vaccine:** Medicine given by mouth or by injection to produce immunity against infection

# Glossary: Dental

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**Balance Billing:** The practice of charging full fees in excess of covered amounts and then billing the patient for that portion of the bill that the payer does not cover.

**Coinsurance:** A policy provision by which both the insured person and the insurer share covered dental expenses in a specified ratio (e.g., 80%/20%), after the deductible is met.

**Deductible:** The amount of out-of-pocket expenses that must be paid for services by the insured before becoming payable by the carrier.

**Dental Maintenance Organization (DMO):** Provides comprehensive dental services to a particular group for a fixed fee.

**Direct Reimbursement:** A self-funded program in which the individual is reimbursed based on a percentage of dollars spent for dental care provided and which allows beneficiaries to seek treatment from the dentist of their choice.

**Explanation of Benefits (EOB):** A description, sent to patients by health plans, of benefits received and services for which the health care provider has requested payment.

**Endodontics:** Diagnosis and treatment of diseases of the tooth pulp, root canal, and apex (tip of the tooth root).

**Oral and Maxillofacial Surgery:** Deals with diseases, injuries, and defects of the jaw and related structures.

**Orthodontics:** Aligns teeth with a variety of appliances (braces).

**Periodontics:** Involves tissues that surround the teeth: gingiva, cementum, periodontal membrane, and supporting bone.

# Glossary: Miscellaneous Terms

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**Adverse Selection:** The tendency of an individual to recognize his or her health status in selecting the option under a retirement system or insurance plan that tends to be most favorable to him or her (and more costly to the plan). In insurance usage, a person with an impaired health status or with expected medical care needs applies for insurance coverage financially favorable to himself or herself and detrimental to the insurance company.

**Carve-Out:** A program separate from the primary plan designed to provide a specialized type of care, such as a prescription drug carve-out; or for a designated group of employees, such as a management carve-out.

**Contributory Plan:** A benefit plan under which employees bear part of the cost.

**Employee Assistance Plan (EAP):** Designed to help employees whose job performance is being adversely affected by personal problems. The program may also apply to many types of health education, prevention, counseling and control of specific conditions (e.g. alcoholism, smoking, fitness, etc.).

**Experience:** Usually expressed as percentage, it is the relationship of claims to premium for a specified period of time.

**Experience-Rated Premium:** A premium based on the anticipated claims experience of, or utilization of service by, a contract group according to its age, sex and any other attributes expected to affect its health service utilization. Such a premium is subject to periodic adjustment in line with actual claims or utilization experience.

**Experience Rating:** The process of determining the premium rate for a group risk, wholly or partially on the basis of that group's experience.

**Minimum Participation Requirement:** Minimum number of eligible employees that must elect coverage in order for a carrier to write a policy, normally expressed as a percentage.

**Reasonable and Customary (R&C) Charge:** The prevailing charge made by providers of similar expertise for a similar procedure in a particular geographic area. See also Usual, Reasonable and Customary Fees.

**Trend Factor:** The measurement for actuarial purposes of the change in the cost of health care after weighing inflationary changes, changes in utilization and technology.

**Usual, Customary and Reasonable (UCR) Fees:** *Usual* is the fee usually charged for a given service by a provider; *customary* is a fee in the range of usual fees charged by similar providers in area; *reasonable* is a fee, according to a review committee, that meets the lesser of the two criteria or is justified in the circumstances.

**Voluntary (Employee-Pay-All) Benefits:** Specific benefits that the employer administers and the employees pay for. Commonly used for benefits that employees want but which the employer is unwilling to contribute toward.