

Stop Explaining Renewals.

Start Changing Them.

A Continuing Education Session for NABIP Members

Session Objectives



Understand level funding mechanics



Know when it fits — and when it doesn't



How the components work together

“Our rates went up again... why?”

This Question means they are hungry for a better fit.

— Rates are not just going up they are more detached from the groups reality



Rising Costs

Premiums continue to outpace
wages and inflation



Limited Transparency

Employers see premiums,
not where dollars go

Over 50 Years

Pioneering Self-Funding for Main Street

Tens of Millions surplused to Main Street

Fully Insured

The Fully Insured Model



Community Rating

Everyone pays a pooled rate



3:1 Age Compression

Oldest pay no more than 3× youngest



Guaranteed Issue

No medical underwriting

Cost \neq Actual Experience

What you pay and what your group uses are rarely the same

Fully Insured



Predictability

Fixed premium —
you know what you'll pay



No Participation

No upside if claims
come in low

Fully Insured



No Direct Link to Claims

Your premium doesn't reflect your group's actual utilization

Level Funding = Structured Self-Funding

Main Street playing by the same rules as the big companies

Level Funding



Expected Claims

Underwritten to
group



Accommodation

For early plan year claims



Stop-Loss

Specific & aggregate
excess loss coverage

Level Funding



Fixed Monthly Payment

Group funds up to the monthly accommodation point — Plus Fixed cost

Level Funding



Claims Account Funds Claims

A dedicated account pays claims as reported — this is the plan's money

Level Funding

72%

of ATA groups receive a refund

Varies widely across industry by UW philosophy and
Attachment point base line

Unused claims dollars return to the plan — 100% Surplused

Past performance does not guarantee future results, on Traditional Spec and Ag plans.

Level Funding



Specific

Protects against large claims on any one member



Aggregate

Protects against heavy utilization across the group

Risk Managed

Not Eliminated

Stop-loss coverage provided by A rated carrier
Look at this for your E and O

Comparison



Fully Insured

Pay for Certainty

Comparison



Level Funded

Expected Claims + Protection + Participation

Comparison

*“Nobody spends somebody else’s money
as carefully as he spends his own.”*

— Milton Friedman

Level funding changes the incentives — skin in the game drives smarter decisions

When It Fits



10–100 Employees

The sweet spot for level funding — varies by state
Can go smaller it gets a bit harder.

When It Fits



Stable Population

Consistent headcount
avg age under 50



Moderate Claims

Moderate to good health
financially stable employer

When It Fits



Not Ideal

- Above-average claims experience
- Financially unstable employers- Do not want to leave plans early
- High turnover or off-anniversary terminations

Advisor Considerations



More Detail Than Fully Insured

Detailed reports show where benefit dollars are going



Upfront Work — Underwriting

Medical applications, and longer time to rate —The more thorough review, the closer the price matches reality

Focus on the client. The sale is the result.



Better Alignment with Client

When you share in the outcome, your incentives align



Requires Clear Explanation

Not a quick fix — a long-term strategy that needs a clear story

Can You Explain This Clearly?

Your confidence is what clients remember most

Engagement



Confidence Drives Usage

When you understand it, you present it — and clients adopt it when they believe they are better off

Engagement



**IF YOU'RE NOT COMFORTABLE
EXPLAINING IT
YOU WON'T PRESENT IT**

The advisor who explains it best earns the conversation

Self-Funding & the ACA

- ✓ No community rate requirement
- ✓ No guaranteed issue
- ✓ No 3:1 age compression
- ✓ No MLR rules

This is the Statutory advantage.

“We just keep paying more.”

Level funding gives employers information for decision making

Plan Surplus Options

- The more they retain the better long term
- Serf, Tenant Farmer vs Sharecropper vs Landlord
- Hand Cuffs, Store Credit Ancillary
- Return to the plan trustee at termination Runnouts

Application



Start with One Group

Pick one client. Learn the process. Build from there.

Application



Starts with One Group

The Details are where this matters

Next Steps



Learn the Process

Process takes a few weeks — understanding the mechanics builds confidence

Next Steps



Tools Matter

Quarterly reports, flexible
plan design, PPO access



Guidance Matters

Smart vs Wise

Level Funding University

You don't need to figure this out alone- there is a system for it.

Built for brokers who want to serve their clients for years to come

How you get comfortable



How level funding works — step by step



How to identify the right clients



How to explain it clearly and confidently



How to present proposals where you walk with the next opportunity as well

Ask Steve for access — it's available to everyone in this room

Dollars before dimes

“If they’re not better off after working with you... They will find someone else.”

The mission is simple: leave Main Street stronger.



Work through a case with Steve

He has been doing this for Decades

Steve from Heartland

is here today

Steve can get you access and walk you through it

