

The Traditional Package

What Is it and How Does it Work?

It's a Traditional Group Insurance (TGI) Program...You pay monthly premiums to a Carrier (Insurance Company or Third Party Administrator) and they reimburse your employees according to the Benefits Contract. The Carrier takes on 100% of the risk for this "regular insured" program. Premium payments are an eligible business expense.

What Does it Cover?

The Carriers offer a wide variety of innovative and cost-effective plan options. Depending on how the Underwriter views the risk (# of employees; industry; family content; etc...) and how they bundle their mandatory benefits, you can customize a Plan Design that could include any combination of the following:

Basic Life Insurance	Medical Services & Supplies	Basic Dental
AD&D	Prescription Drugs	Preventative Dental
Dependent Life	Vision Care	Major Restorative
Critical Illness	Paramedical	Orthodontics
Short-Term Disability	Semi-Private Hospital	Health Care Spending Accounts
Long-Term Disability	Employee Assistance Program	Cost Plus

How much Does it Cost?

Each Carrier will have different levels of emphasis that they place on their underwriting criteria. When first implementing a TGI, the Carrier underwrites the initial rates based on:

1. Demographics (age, sex, marital status, occupation, salary, province of residence, and date-of-hire)
2. Risk Assessment of the business (Industry, # years in operation, Seasonal Workers, etc...)
3. The Plan Design that you choose.

Will the Cost Ever Increase?

Once a year, the Carrier calculates their Renewal rates based on:

1. Change in Demographics
2. Change in Plan Design
3. Prediction of future claiming patterns/trends based on past years

What is involved with administering the Program?

The first step in administering the Program is to have determined the following:

1. What is the definition of an Eligible Employee?
2. How much of the Premium are you going to ask your employees to pay?
3. Allow employees to opt out of Health and/or Dental because their spouse has a plan?

Most of the administration of the Program occurs at implementation...the employees will have filled out their Enrolment Forms and you will have signed the Application along with submitting the first month's deposit cheque. Moving forward, you will more than likely need to just let the Carrier know of any employee additions/status changes...and, of course, pay the monthly premium. As a general rule, you shouldn't be involved with submitting claims for your employees unless they are Life or Disability claims. Most of the administration is done on-line.

What's the downside?

If there is a downside to the TGI, then it is the fact that you don't...and you shouldn't...know anything about the health of your employees and/or their dependents. As a result, you should have no idea how they will claim...this could lead to Premiums increasing at a rate that you may not have budgetted for.