

Group insurance recommendations

The presentation of recommendations to clients is a key part of an advisor's practice. However, prior to making the recommendations, they must identify the client's needs, develop the specifications and analyze the bids received from the various insurers.

When developing the specifications, advisors must provide insurers with the information they need to evaluate the group's risk with respect to the coverage requested and thereby make an offer to the client.

Advisors should therefore ensure that they include full and consistent information in the specifications concerning the client and their plan, as suggested in the next section.

Content of the specifications

The following information is generally shown in the specifications including the corresponding "danger zones", i.e., the things to which you should pay special attention:

Minimum information required	Danger zones
Employee demographic data.	Employees not covered by CNESST or employment insurance, disabled employees (start, type of disability, expected return date, waiver of premium, payer's name), employees who've opted out, definition of insurable earnings, confidentiality of disabled persons' identity, life insurance waiver of premium and acquired rights.
Information on the existing plan and the desired plan, i.e. the needs and guarantees, benefits and options proposed for the coverage under the new plan according to employee categories.	Compliance with the collective agreement, clear description of the projections and services to be included in the bids, specific provisions (e.g. partial disability).
Financial arrangements requested.	The client's financial and administrative capacity, agreements with third parties (third-party administrator, third-party payer).
Group statistics.	Staff changes, organizational climate affecting past or future experience - transparency is required.
Group experience for the last three years, including surpluses or deficits, where applicable.	<p>Accurate representation of premiums and benefits (e.g., extraordinary claims that could throw the rates off)</p> <p>Accurate statement of premiums and benefits:</p> <ul style="list-style-type: none"> • Premiums billed broken down by net fees and premiums. • Benefits paid broken down by gross benefits paid and changes in actuarial provisions.
History of past changes and rates (indicated in invoice and past renewals).	Needs that are no longer relevant, current pricing not adapted to the market - possibility of long-term savings depending on group experience.
Copy of collective agreement or other employment policies.	Prior consultation with the union.
Employee survey.	Not popular with employers, as these surveys can create unrealistic expectations among employees.
Insurer questionnaire.	Priority items to be clarified, i.e. those that will influence the client's decision, relevant questions to be asked.

Content of the recommendation report

You should provide a dated and signed written recommendation report to the client or their designated resource person. This delivery obligation means that you are able to demonstrate, even years down the road, that the client received the report.

The recommendation report should contain not only factual information, but also any qualitative information that could influence the client's final decision. It's therefore essential that it be complete and answer the main questions that a reasonable reader might ask about the relevance of your recommendations.

Here are some examples of questions that should be answered in the recommendation report:

- What's the level of client service offered by the insurers? Which insurer offers the level of client service that meets the client's needs, and why?
- What were the reasons for recommending one or more insurer(s)?
- Which insurer offers the best value for the money, and why?
- What are the implications of choosing an insurer/insurers for the client and for members, particularly in regards to the guarantees, service, rates and any other factors?
- What are the client's needs and motivations?
- How do the recommended bid(s) meet these needs?
- What are the estimated future costs?
- What are the financial consequences of the proposed changes? The costs and the ability to pay for both the client and members are always key concerns.
- How is the proposed pricing justified?
- What are the tax implications for the client and members? There may be several impacts (e.g., sharing of premiums) and an advisor should be aware of them to properly inform the client.

The report should therefore present one or more tables clearly illustrating:

- Comparisons of experience rated benefits.
- Comparisons of pooled benefits.
- Current cost of the two items above, if a plan is in place.
- Comparisons of options and their costs.
- Cost proposed under the new plan.
- Insurer deviations.

The purpose of these tables is to help clients compare each insurer and their ability to meet the client's needs.