

# Actuarial Work-Products, Inc.

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Carlton Harker, FSA, MAAA  
Principal  
www.self-fundhealth.com  
www.actuarialworkproducts.com  
www.ifebp.org/1harker  
www.awpse.com

**TO: Addressee No. 1**

**Addressee No. 2**  
Self-Funding Actuarial Service  
8025 North Point Blvd  
Winston-Salem, NC 27106  
Tel. 336-759-2035  
Fax 336-896-0392

**Addressee No. 3**

New York, NY 10011  
Tel. 999-999-9999  
Fax 888-888-8888

**RE: Health Care Plan: Health Plan of ] rt**

**Monte Carlo Iib - Per Occurrence Deductibles**

**Benefits Include: Medical, Rx**

**Engager is Addressee No. 1**

**Eligible User is Addressee No. 2**

This Certification provides an actuarial opinion with respect to the subject plan which compares the monetary value of the benefits, stop-loss terms, and managed care terms trifurcated between the participant, plan sponsor and stop-loss carrier for the subject Health Care Plan.

The Certification consists three parts:

- Statement of Actuarial Opinion
- Submitted Data and Computation Parameters
- Comments of the Actuary.

Sincerely,

Carlton Harker, FSA, MAAA  
Actuarial Work-Products, Inc.

# STATEMENT OF ACTUARIAL OPINION

## OF THE PLAN BENEFIT CALCULATION FOR THE HEALTH CARE PLAN OF THE PLAN SPONSOR

I, Carlton Harker, am a principal of Actuarial Work-Products, Inc., am a Fellow of the Society of Actuaries and am a member of the American Academy of Actuaries. My firm has been retained by the Engager to provide calculations of certain actuarial items for the above-cited Health Care Plan.

I relied upon such Eligible User of the subject Health Care Plan as to the accuracy and completeness of underlying information used in the computation of such items.

In other aspects, my examination included such review of the actuarial assumptions and methods and such tests of actuarial calculations as I considered necessary under the circumstances.

The inputted data to such calculations and the trifurcation results therefore are as follows:

<u>Per Participant Parameters</u>	<u>Network A</u>	<u>Network B</u>	<u>Network C</u>
Calendar Year Deductible	\$0	\$0	\$0
Copay (Participant)	0%	0%	0%
Out-of-Pocket (Excl. Ded.)	\$0	\$0	\$0
Specific Stop-Loss Limit	\$0	\$0	\$0
Annual Medical Cost	\$4,000	\$0	\$0

### Cost Trifurcation

Participant	\$0	\$0	\$0
Plan Sponsor	\$0	\$0	\$0
Stop-Loss Carrier	\$0	\$0	\$0
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>Penetration Factors</u>	0%	0%	0%
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### Composite Annual Cost of Plan Benefit

Participant	\$0
Plan Sponsor	\$0
Stop-Loss Carrier	<u>\$0</u>
 Composite	 \$0

# Conditions and Terms of Opinion

1. That this Work-Product is an actuarial opinion as contemplated by the American Academy of Actuaries.
2. That he is qualified to offer such opinion by reason of his meeting the requisite examination, experience and continuing education requirements of the American Academy of Actuaries.
3. That this Actuarial Work-Product is the result of a mathematical computer program processing inputted data and documentation as summarized herein.
4. That he is independent of and has no conflicted interest with any party with respects to this Work-Product.
5. That the Work-Product was prepared at the request of the Eligible User, who is identified herein, and who may or may not be the ultimate user of such Work-Product.
6. That he has been engaged, as contemplated by the relevant American Academy of Actuaries, by the Engager identified herein.
7. The actuary intends to be a fiduciary with respect to this Work-Product and will act accordingly, striving to meet any and all standards of conduct necessary to meet this end.
8. The professional liability for this Work-Product is assumed by Self-Funding Actuarial Services, Inc. which has in place an appropriate professional liability insurance policy. A PDF of the summary page of this policy is available at: [www.awpse.com/eando.pdf](http://www.awpse.com/eando.pdf).

05/22/2010

Date

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Carlton Harker, FSA, MAAA  
AAA Number 5293

# SUBMITTED DATA AND PARAMETERS

**Addressee No. 1**

**Addressee No. 2**

**Addressee No. 3**

Self-Funding Actuarial Service  
 8025 North Point Blvd  
 Winston-Salem, NC 27106  
 Tel. 336-759-2035  
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 ID E0001  
 Contact Carlton Harker  
 Email harker5@earthlink.net

Tel. 999-999-9999  
 Fax 888-888-8888  
 ID P0002  
 Contact Carlton Harker  
 Email charker2@earthlink.net

**Requested Work-Products**

Health plan risk trifurcation

**General Information**

Plan Name: Health Plan of  
 Plan Year: /01/ to / /  
 Engager: None specified  
 Eligible User: Self-Funding Actuarial Service  
 Plan Sponsor: rts Corp

No. 004

**Parameters**

<u>Per Participant Parameters</u>	<u>Network A</u>	<u>Network B</u>	<u>Network C</u>
Annual Medical Cost	\$4,000	\$0	\$0
Index	0	0	0
Penetration Factors	0%	0%	0%
Occurrence No. 1 Type	ER-Hospital		
Occurrence No. 1 Frequency	0.780	0.000	0.000
Occurrence No. 1 Deductible	\$2,500	\$0	\$0
Occurrence No. 2 Type	PP-Inpatient		
Occurrence No. 2 Frequency	0.000	0.000	0.000
Occurrence No. 2 Deductible	\$0	\$0	\$0
Occurrence No. 3 Type			
Occurrence No. 3 Frequency	0.000	0.000	0.000
Occurrence No. 3 Deductible	\$0	\$0	\$0
Occurrence No. 4 Type			
Occurrence No. 4 Frequency	0.000	0.000	0.000
Occurrence No. 4 Deductible	\$0	\$0	\$0
Occurrence No. 5 Type			
Occurrence No. 5 Frequency	0.000	0.000	0.000
Occurrence No. 5 Deductible	\$0	\$0	\$0
Number of Trials	100		
Log normal Dispersal Index	0.0		

Actuarial Work-Products  
 Monte Carlo IIb Simulations  
 Economic Value of Plan and  
 Managed Care - Occurrence Deductible

## Notes

1. Deductible is calendar year applicable to the participant or covered person.
2. Copay is the risk-share factor applicable to the participant or covered person.
3. Out-of-pocket is the maximum payable (excluding the deductible) applicable to the participant or covered person.
4. Renewal medical cost is total annualized submitted claims, for plan-defined benefits, on the presumption that all participants used only the designated network.
5. Penetration Indices show how the participants chose between the networks designated.

## COMMENTS OF THE ACTUARY

1. Elaborative explanatory comments may be found in this appropriate Sub-Site under these headings:
  - Description of Work-Products
  - Discussion of Manner of Production
  - Fees and Terms
  - Background Reading
2. This Work-Product is the property of the Engager who has the fee responsibility and is the party engaging the Actuary. Such Engager must be approved for such Work-Product module and retains such user rights solely at the pleasure/discretion of Actuarial Work-Products, Inc.

Plan Name: Health Plan of Prestige Import

Valuation Date: / /

Produced by: Actuarial Work Products, Inc.

USER CODE: 045	USER NAME:	COMPUTER: 648I SERV	VERSION: v20100414
VAL CODE: 00401	REQUESTED: 05/22/2010 05:25:14 PM	PRINTED: 05/22/2010 05:25:32 PM	NUMBER: 1
STATUS: TRANSFER COMPLE	REQUEST: REQUESTXX	BROWSER: Mozilla/4.0 (compati	IP ADDRESS: 65.188.150.34

ADDRESSEE 1 ID: R0001  
 ADDRESSEE 2 ID: E0001  
 ADDRESSEE 3 ID: P0002

PLAN ID: 004

VAL NUMBER: 01  
 COMPUTATION DATE: / /  
 PROJECTED RANGE: /01/ TO / /