

 GUY CARPENTER

GCMarketPulseSM



Guy Carpenter is committed to helping our clients achieve success in today's ever-evolving healthcare market. In support of our clients' innovation and data initiatives, we created GCMarketPulse in 2015 to translate our knowledge of the reinsurance market into actionable insights for our clients.

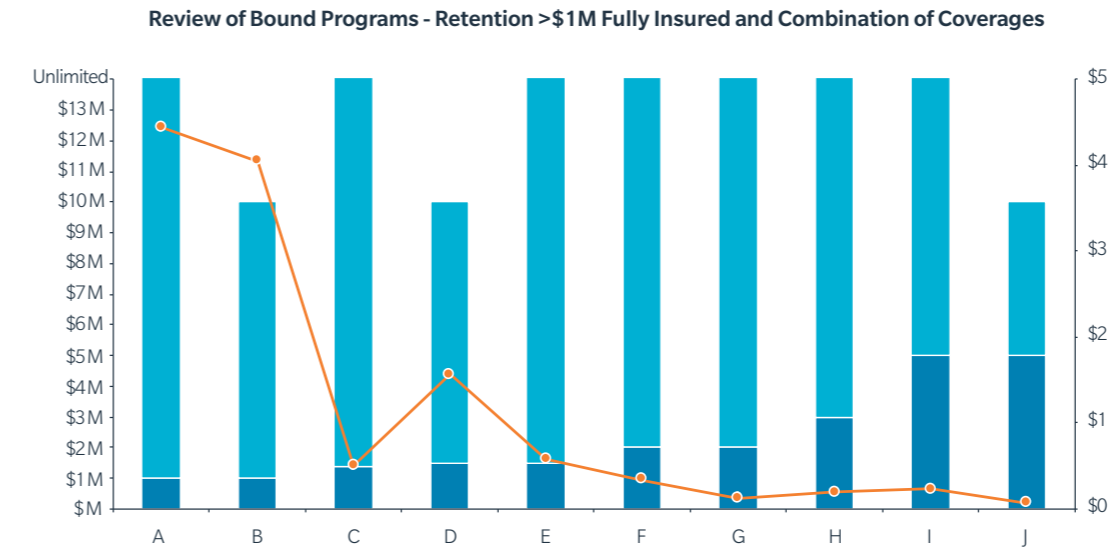
Continuously evolving alongside Guy Carpenter's technology and analytics advancements, GCMarketPulse is unique in its ability to help answer an array of questions about the healthcare reinsurance market. As Guy Carpenter collects data in real-time utilizing our on-line trading platform, we are uniquely positioned to provide market insights at any time during the reinsurance decision making process.

At its core, GCMarketPulse is an exclusive database of current and historical reinsurance placements and quotes. That data comes alive within the three part annual GCMarketPulse report: Review of Bound Programs, Renewal Rate Changes, and Reinsurer Quote Behavior. The analysis contained within the report allows Guy Carpenter to assess current market conditions, provide clients with up to date structure advice and price expectations, and optimize the terms and conditions our clients receive in the market.

"GCMarketPulse is customizable to specific lines of business"

Understanding that one size does not fit all, GCMarketPulse is customizable to specific lines of business including employer stop loss, exchange, group fully insured, Medicaid, and Medicare. We have also identified a distinction in market behavior at the \$1,000,000 attachment level and can break down results for clients with retentions below or above that threshold.

We believe GCMarketPulse can be a valuable tool for any entity taking medical risk. Please contact your Guy Carpenter representative or visit <https://go.guycarp.com/marketpulse> to learn more about the insights GCMarketPulse can provide to your organization.



We have organized the graph with retentions from smallest to largest represented in **dark blue** along the primary y-axis. The **light blue** column shows where the limit exhausts. The orange dots represent the PMPM or PEPM rate for the program along the secondary y-axis.

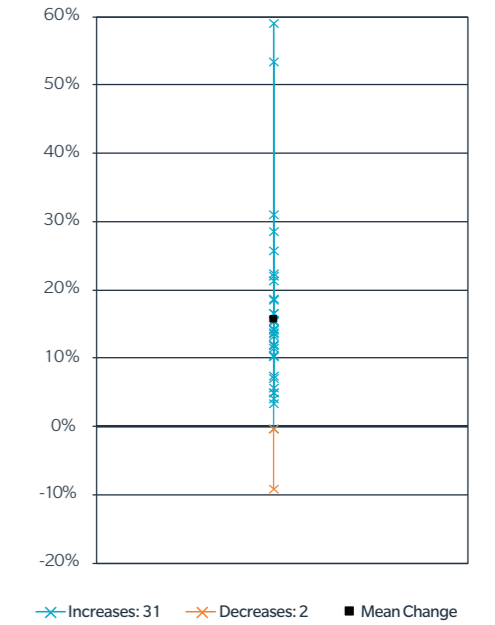
Review of Bound Programs

Part 1 of GCMarketPulse is a peer study encompassing 55 healthcare in-force reinsurance placements with membership of over 13 million from companies across the United States and US Territories. In addition to traditional data points (e.g. limit, retention, and price) we also capture a multitude of additional contract details allowing us to provide fact-supported recommendations to our clients. Examples of these supplemental data points include co-insurance level, membership, AADs, and profit commissions.

This part of the report helps health insurers answer key questions such as:

- Are my retention and limit in line with my objectives relative to companies of similar size?
- What structures and pricing should I consider for a new line of business I am entering?
- Could I improve terms and conditions with my current reinsurance partners?

Renewal Rate Changes - All Programs



The x-axis represents programs that have seen a 0% rate change from 2018-2019. The **blue** marks above the x-axis represent rate increases and the **orange** marks below the x-axis represent rate decreases.

Renewal Rate Changes

Part 2 of GCMarketPulse shows year-over-year rate changes for 34 programs from 20 unique clients. Retentions and terms and conditions have been normalized to allow for an apples-to-apples comparison. We also incorporate historical loss data to produce a more accurate picture of market pricing.

This part of the report helps health insurers answer key questions such as:

- How does expected loss impact year-over-year rate change?
- How did my program perform compared to the market last year?

Reinsurer Quote Behavior

Part 3 of the GCMarketPulse report analyzes 1,114 quotes from 16 reinsurers over a rolling three-year period. The study allows health insurers to see changes in reinsurer competitiveness for specific lines of business and retention levels.

This part of the report helps health insurers answer key questions such as:

- Should I approach new markets for my upcoming renewal?
- I want to solicit bids from a limited group of reinsurers – which targeted reinsurers should I approach?



The chart is oriented with the most competitive on the left and the least competitive on the right. The average quote across all programs is represented by the line at zero percent. The **orange dots** indicate reinsurers' average distance from the mean quote across all programs. The length of the lines represents the standard deviation of the reinsurers' quotes from the market average.

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