

City of Broken Arrow

Policy Number: 519047 Pricing Summary - LTD

Broker(s):
Premier Consulting Partners

Thank you for your continued partnership with Unum. Your business is important to us and supporting you is our top priority.

As we begin the new coverage year together, we will continue to provide critical financial protection benefits to your valued employees and the best solutions to meet your company's evolving needs. We know that value and price are important to you. We are committed to carefully managing your premiums, to ensure we can pay your employees' claims with prompt, convenient service when they need it most.

Renewal Rates

For 2018 we are adjusting your premiums to better align with current costs and risks.

| Unum Benefits | Current Rate | Renewal Rate | Current Inforce Monthly Premium | Increase in Monthly Premium * | Renewal Effective Date | Rate Guarantee Date |
|--------------------------------|--------------|--------------|---------------------------------|-------------------------------|------------------------|---------------------|
| Long Term Disability Insurance | 0.550 | 0.550 | \$8,975 | \$0 | 9/1/18 | 9/1/19 |

* Based on current enrollment

When assessing renewals for groups of your size, we look at employers similar in industry, demographics, and plan design. Doing so helps us predict claims activity and price plans fairly.

These renewal rates also reflect recent industry-wide challenges. Over the past few years, several nationwide trends have made it harder to achieve the right balance between pricing and the cost of doing business without raising prices. First, historically low interest rates have limited our investment income, which we rely on to help pay claims. Meanwhile, claims have increased because the workforce is aging and certain health-related conditions are becoming more common.

If you have any questions about your renewal rates or if you would like to learn more about other Unum benefits, please contact your broker or Unum representative, Scott Battaglia, at 972-892-1432 or by email at sbattaglia@unum.com.

Case Rate Calculation

The following is your case rate calculation, which melds claim and demographic data to produce a case rate used to guide the pricing process for your policy.

| Unum Benefits | LTD |
|---------------------|--------------------------|
| Time Period | 11/1/14 to 11/1/17 |
| Incurred Claims | \$75,123 |
| Constant Premium | \$329,579 |
| Incurred Loss Ratio | 22.8% |
| Expected Loss Ratio | 65.1% |
| Inforce Rate | 0.550 |
| Experience Rate | 0.192 |
| Manual Rate | 0.850 |
| Case Rate | 0.663 |
| Credibility | 28.4% |
| Paid Claims Open | 1 |
| Paid Claims Closed | 2 |

Prior Group Renewal Information

| Product | Last Renewal Date | Renewal Action |
|--------------------------------|-------------------|----------------|
| Long Term Disability Insurance | 9/1/17 | 10% Increase |

Plan Information

Long Term Disability Insurance:

| Provision | Department Heads | All Other Eligible Employees |
|--------------------------|------------------|------------------------------|
| Benefit Percent | 60.00% | 60.00% |
| Benefit Maximum | \$6,000 | \$4,000 |
| Elimination Period | 90 Days | 90 Days |
| Integration | Family | Family |
| Benefit Duration | ADEA I | ADEA I |
| Definition of Disability | 2 Year Residual | 2 Year Residual |
| Contributory Status | Employer Funded | Employer Funded |
| Pre-Existing Condition | 3/12 Exclusion | 3/12 Exclusion |
| Mental/Nervous Limit | 12 months | 24 months |

Group Insurance is underwritten by:

Unum Life Insurance Company of America, Portland, Maine

In New York, underwritten by: First Unum Life Insurance Company, New York, New York

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