

Switching to self-funding: market insights

According to a 2016 Employer Insights research study sponsored by Sun Life, 40% of employers that have a fully insured medical benefits plan would consider switching to self-funding.¹ Here is what employers are thinking about and actions you can take to help them decide if self-funding is right for them.

Market opportunity for employers with 50–999 employees²

Nearly
35,000
potential new
self-funded
employers by 2020³

Of the 70% of employers that are fully insured:

40% would consider self-funding

16% are considering switching in the next two years

Drivers and challenges of switching to self-funding⁴

Employers weigh the benefit of potential **SAVINGS** versus the potential claim **RISK**

Saving money is the biggest driver

Potential cost savings that are most attractive

47%
benefits
design changes

46%
reduced
premium taxes

Financial risk is the biggest challenge

Type of financial risks that are most concerning

49%
overall
financial risk

40%
unpredictability
of high-cost claims



1 out of 3⁵ employers say that they don't know enough about self-funding to be comfortable making the switch

Actions you can take

Step 1: Initiate the conversation⁶

Many employers are discussing self-funding before talking to a broker.

BEFORE
talking to a broker

83% of employers spend **SIX MONTHS TO OVER TWO YEARS** talking about self-funding

AFTER
talking to a broker

72% of employers that converted to self-funding did so within **ONE YEAR**

6 MONTHS

1 YEAR

2 YEARS



Step 2: Create a long-term strategy⁷

70% said that their broker **DID NOT** present a long-term self-funding strategy



Step 3: Discuss stop-loss options⁸

Employers said that their broker **DID NOT** provide a detailed analysis on:

67%
stop-loss
coverage options



72%
stop-loss
carrier options



To learn more, contact your Sun Life Stop-Loss Specialist.

1. This document provides information from the 2016 Employer Insights research study sponsored by Sun Life and conducted by Chadwick Martin Bailey. The blind study included decision makers for companies that have between 50 and 999 employees and offer medical benefits to all their full-time employees.
2. Sample was 1,934 of fully insured respondents.
3. This estimate is an extrapolation using population census and survey data to convert the 40% of fully insured employers that indicated they would consider converting to self-funding into full market potential.
4. Sample was 158 fully insured employers that are considering self-funding.
5. Sample was 158 fully insured employers that are considering self-funding.
6. Sample was 54 employers that recently switched to self-funding.
7. Sample was 54 employers that recently switched to self-funding.
8. Sample was 39 employers that recently switched to self-funding with stop-loss.

Group stop-loss insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states, except New York, under Policy Form Series 07-SL REV 7-12. In New York, group stop-loss insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) under Policy Form Series 07-NYSL REV 7-12. Product offerings may not be available in all states and may vary depending on state laws and regulations.

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