# The Art of Allocations: Finding Common Ground in our Collective Experience

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### **Allocation Survey: Introduction and Goals**

Online survey of Diocese and Archdiocese regarding current allocation models and processes

### Discover

- What we have in common
- Where we vary
- What we can learn from each other
- How we can improve



# **Wellness Activity**





### **Allocation Survey: Structure**

### What did we ask about?

- Program costs
- Allocation factors and process
- Invoicing and collections
- Effectiveness
- User feedback
- Questions and comments



### **Allocation Survey: General Stats**

Respondent data and most common answer regarding allocation models

175 surveyed ÷ 49 responded = 28% return Method used to allocate premiums is proration based on multiple factors

48% Respondents

Have considered changing allocation model

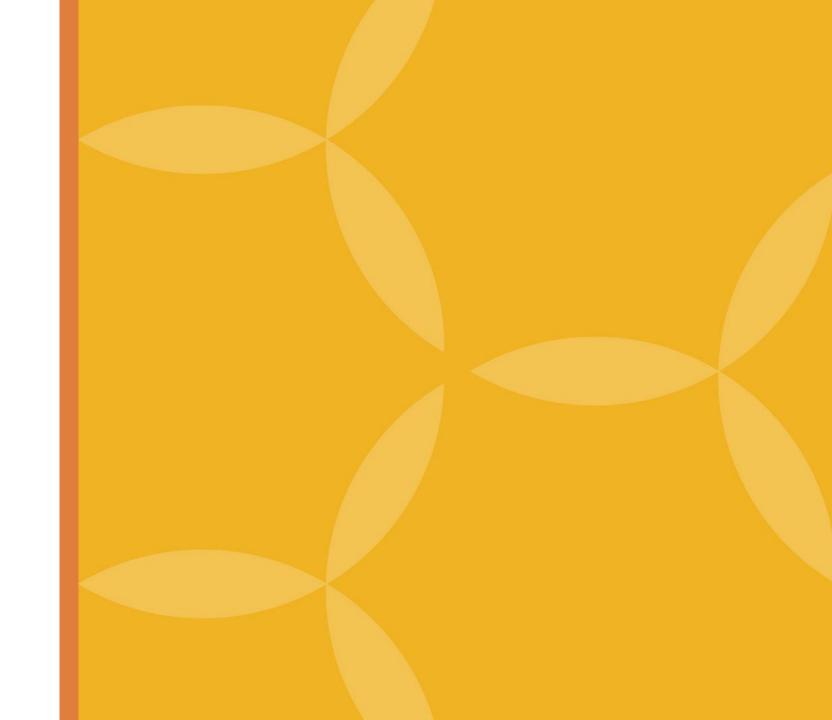
54% Respondents Would like to include risk management compliance in allocation model

66% Respondents



# **Program Costs**

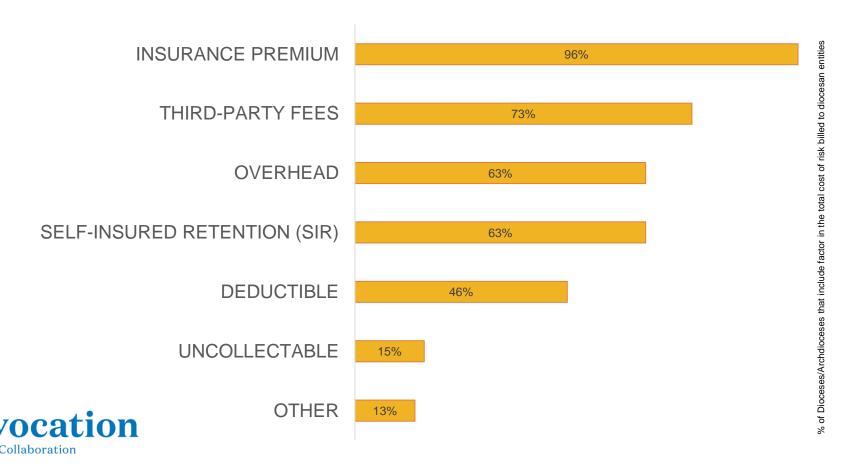




### What's included in program cost?

Percent of Dioceses/Archdioceses that include each factor in the total cost of risk billed to diocesan entities

\*Respondents could select more than one answer



# **Allocation Factors** and **Process**





### **Allocation Survey: Factor Stats**

Percent that use each exposure basis

Total insured value
93%
Respondents

Payroll

44%
Respondents

Square footage

37%
Respondents

Other
(Students,
employees,
attendance) \*
<30%
Respondents



<sup>\*</sup> Additional exposure bases include: FTE's, Vehicles, Taxable Income

### A.I. 41 O E

## **Allocation Survey: Process Stats**

Percent that use each allocation method

Single factor exposure proration

45% Respondents

Multiple factor exposure proration

47% Respondents

Financial resource discretionary debits/credits

14% Respondents

Claims history (Proration or debits/credits)

14% Respondents Other (Risk Management, ISO loss costs) \*\*

> <12% Respondents



### **Allocation Factors and Process**

Objective: Correlate program costs with coverages and exposures

- Top-down proration
  - One factor for all costs
  - One factor per coverage group (i.e. Prop, Liab, WC)
- OR: Bottom-up rating
  - Base rates per operational exposure type and coverage
  - Proration to program costs
- AND: Discretionary credits/debits to influence behavior
  - Risk management, Claims history, Financial resources
- AND: Phase-in to new methodology
  - Multi-year amortization of historical under/over billing

Have considered changing allocation model

54% Respondents More simplistic

23% Respondents

Include risk management compliance

66% Respondents

Include claims history

44% Respondents



# **Invoicing and Collections**





### **Allocation Survey: Invoicing and Collection Stats**

Percent that perform each invoicing and collection activity

Use third party billing services 21%

Respondents

Provide invoice access online

24%
Respondents

Combine multiple billings on single invoice 76% Respondents

Carry forward unpaid year-end balances

80% Respondents

expect payment of carry forward balances

80% Respondents



### **Allocation Survey: Billing Frequency Stats**

Percent of respondents who bill in each cycle

Respondents who bill monthly 50%

Respondents who bill annually 45%

Respondents who bill quarterly 5%



### **Invoicing and Collections**

### Efficiency opportunities

### **BILLING**

- Amortize large amounts
- Combine billings
- Be on time
- Archive invoices online



### **COLLECTIONS**

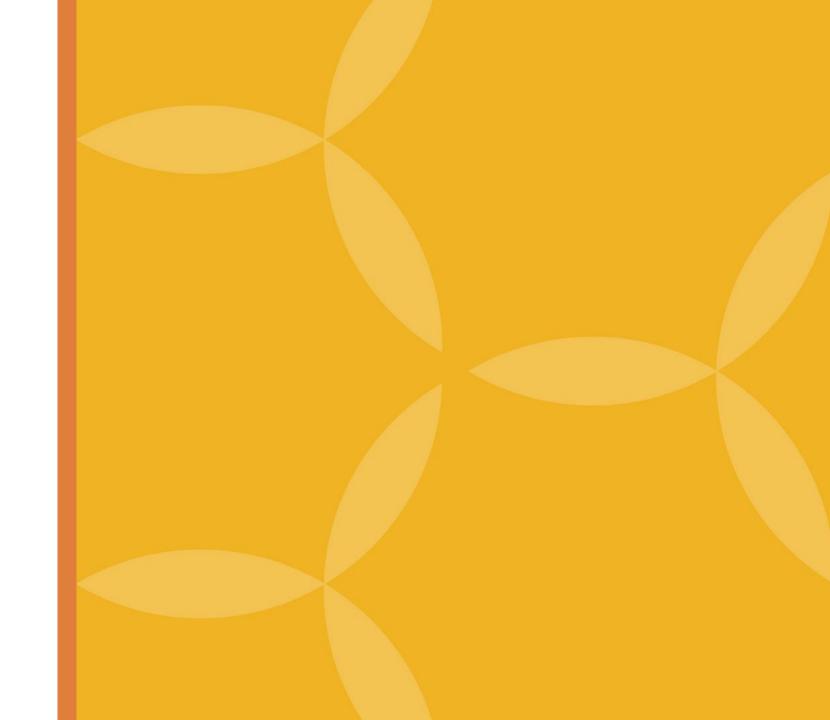


- Third-party billing services
- ACH
- Remove/bucket old balances
- Develop standard long-term payment plan
- Provide billing details



## **Effectiveness**





### **Effectiveness of current procedures**

What to examine

02

**METHODOLOGY** 

Do the methods used result in proper allocation?

01

**INFORMATION** 

Do you capture everything important for your organization to recoup costs?

03

**ADJUSTMENTS** 

Do you need to allow for mid-term or year-end changes based on performance?

04

CHARGES AND CREDITS

Can you easily explain how you arrived at amounts for charges or credits?

05

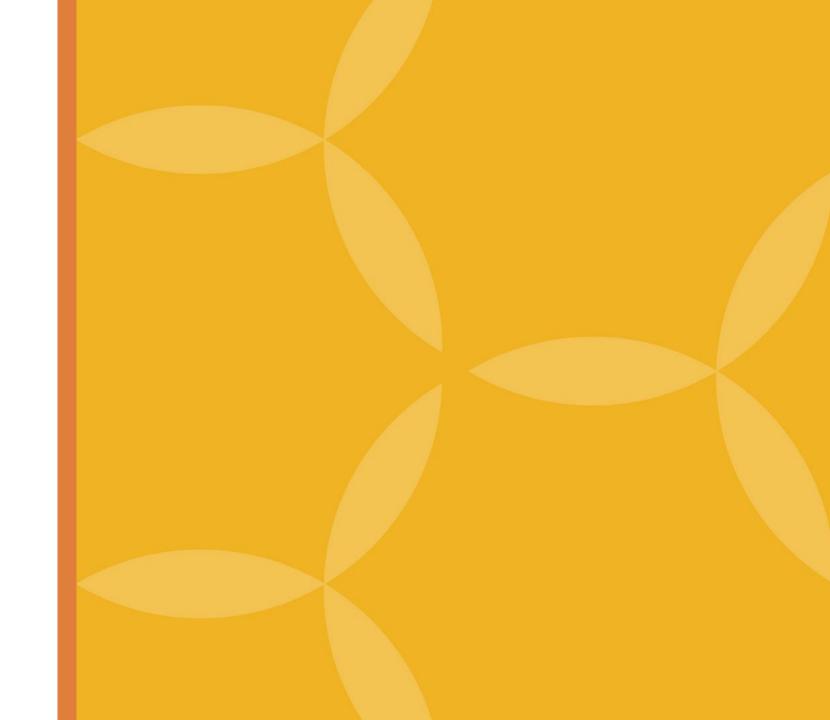
**TRANSPARENCY** 

Do you have adequate resources to make the allocation process transparent and equitable to diocesan entities?



# **User Feedback**

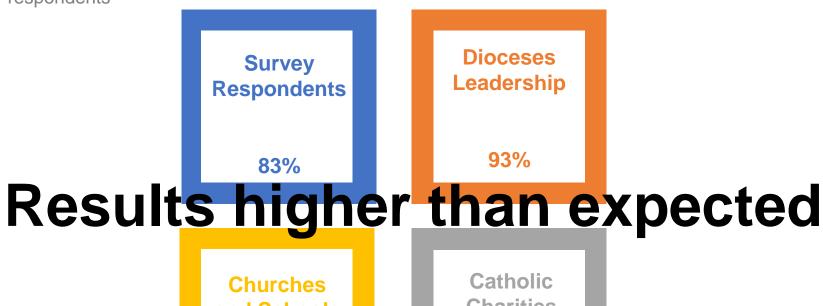




### Allocation Survey: Is Your Model Practical and Equitable?

Percent of cohort that believes the allocation model their Diocese/Archdiocese uses is practical and equitable

\*According to survey respondents



and Schools

82%

Charities Leadership

89%



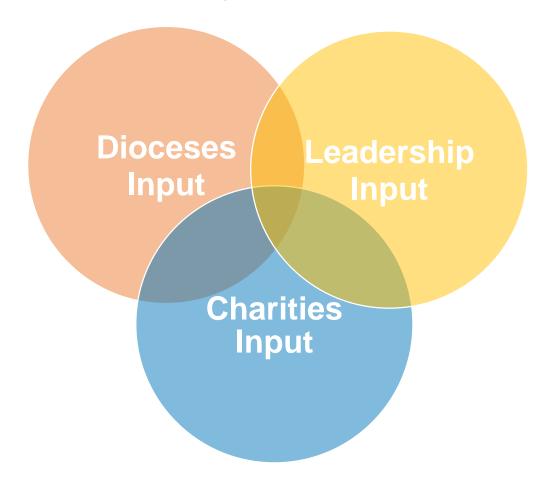
### **Allocation Survey: Room for Improvement**

- Program value
- Cost transparency
- Capacity for implementing change



### **General comments**

Notable commonalities and differences between groups







**Discussion** 



## Thank you.

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