

Allay helps small & mid sized employers save up to 40% on health insurance.

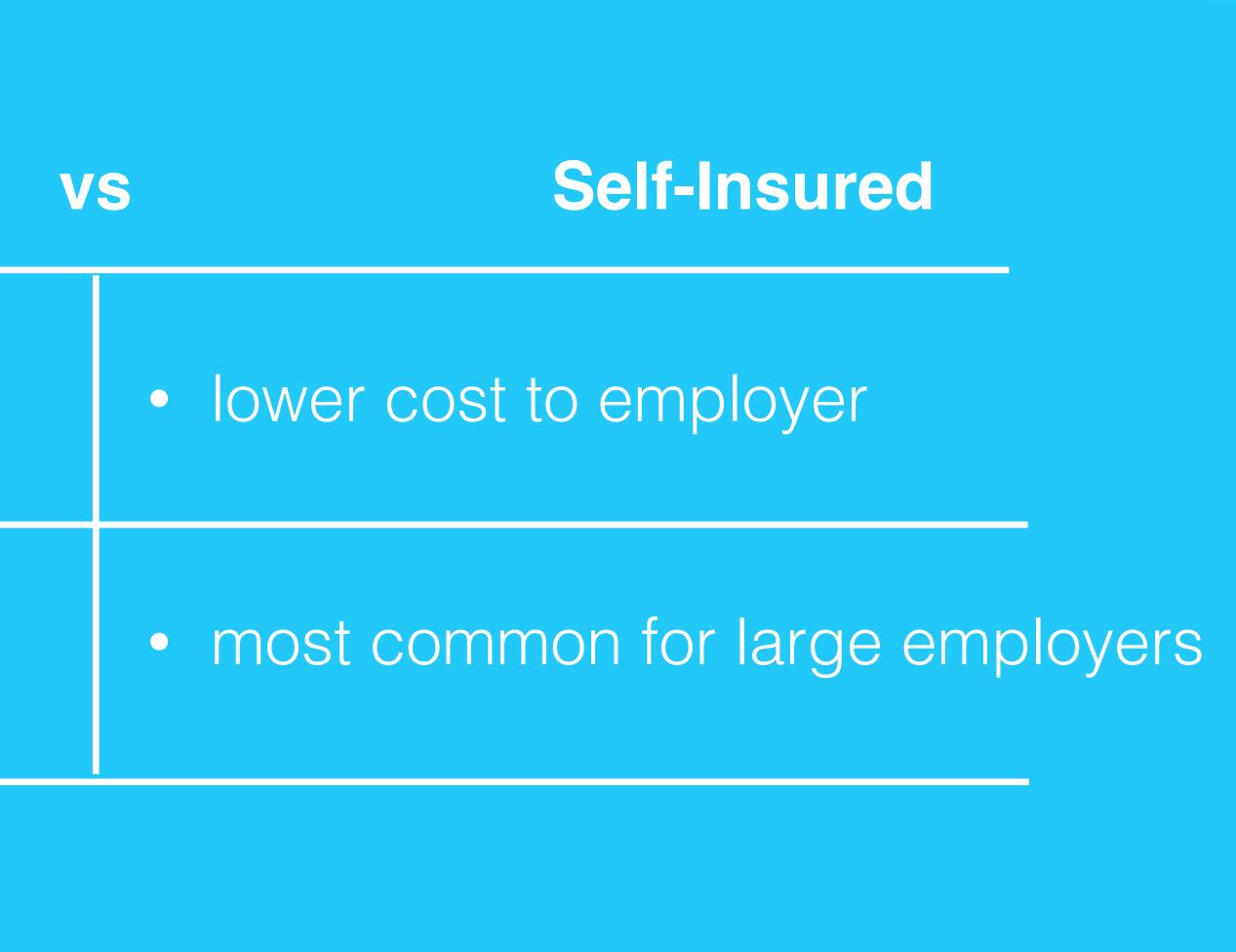
Bllay

Two ways for an employer to fund health insurance

Fully-Insured

higher cost to employer

most common for SMBs







Growing demand for self insurance

"Self insurance is surging" - BenefitsPro Magazine

House passes H.R. 1304, the Self-Insurance Protection Act (SIPA) by a vote of 400 to 16

"More employers expected to use self insured plans" - CalBroker Magazine

- April 2017





Big advantages for employers to self insure when done properly

- Stop loss insurance removes risk of large claims
- Stop loss insurance can ensure fixed monthly costs (i.e. level funding)
- Health data used to underwrite and reduce rates
- Annual refunds in good years
- Access to claims data to implement cost reduction programs
- Removes ACA fees





Many employers who should be self insured today are not

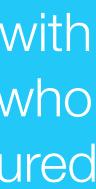
Employees at firms with 5-1000 employees who would benefit from self insurance.

24.7M

Employees at firms with 5-1000 employees who are currently self insured

12.6M





Difficult underwriting process blocking self insured growth among SMBs

Each employer and plan requires medical underwriting to purchase stop loss insurance within a given self insured plan.

The process for underwriting + setting up a self insured plan: (2-3 months)

Info collection for soft quote via email chain (2-7 days) 1) Choose or design a health plan then get soft quote based on actuarial tables (1 week) 2) Build proposal with soft quotes (2-4 days) 3) Send health questionnaire PDFs to employees to fill out (1-4 weeks) 4) 5) Closing documents + binding of stop loss insurance (1-2 weeks) 6)

Send questionnaire answers to underwriter to create firm quotes with stop loss insurance (1-4 weeks)







This is a large opportunity to improve underwriting

Addressable Market

US employers with 5-1000 employees that would qualify for self insurance

\$9.7B

Potential Stop Loss Underwriting Fees

\$6.3B

Initial Target Market

US employers with 5-199 employees that would qualify for self insurance





Allay is building an online underwriting platform for self insured health plans.

The benefit of Allay's underwriting: • Easier and faster underwriting /purchasing process

- accuracy + speed over time
- based pricing, direct primary care, concierge medicine)
- needs while ensuring compliance with regulations

Data volume + machine learning can lead to greater underwriting

 Select Allay's pre-packed health plans online that curate + bake in top programs to reduce health care costs (advanced reference

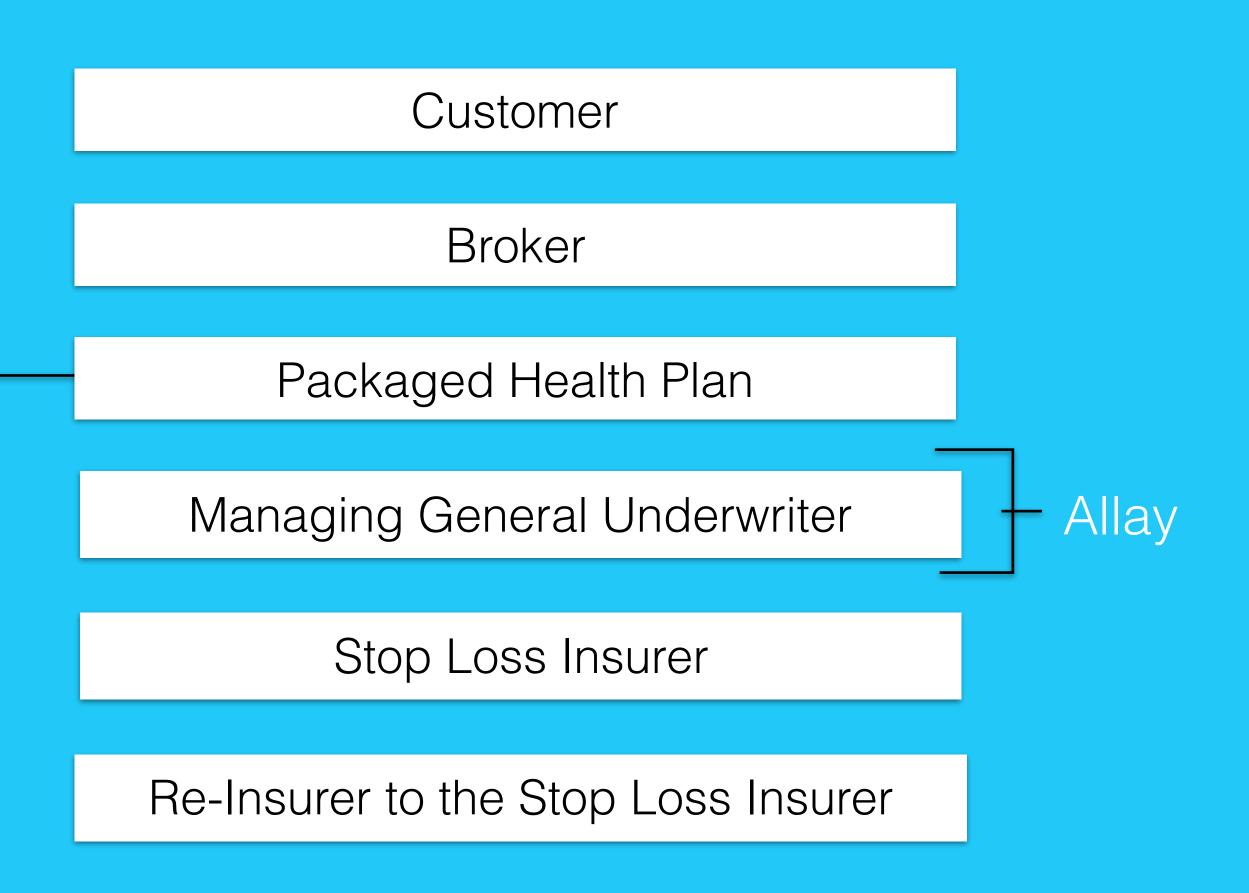
Create custom health plans online that are unique to a customer's





Benefits advisors can use data to choose, design and model custom health plans online

Plan 1	Plan 2	Plan 3
Third Pa	arty Administra	ator (TPA)
Network		
Pharmacy Benefit Manager		
Complimentary Programs		



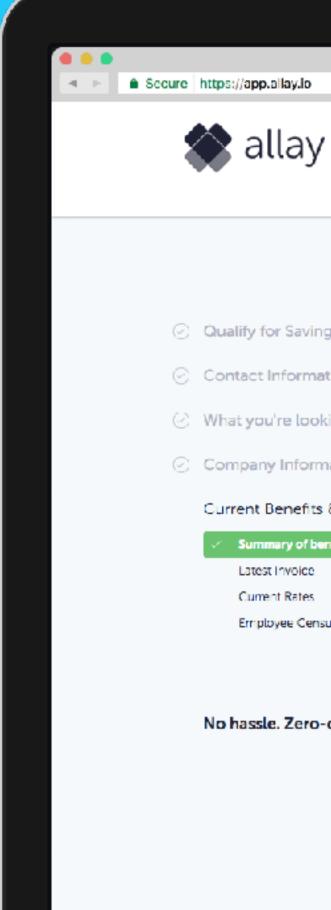




Info collection to generate soft quote

Old way: Collect employer info via email to create soft quote (2-7 days)

New way: ChatBot walks employer through check list of info (1-2 days)



Complete the sections below to get your pay-per-use health insurance quote.

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realth insurance quotes require more information than a standard fully-funded plan. This extra information is partially how we can offer such large savings.

er Savings	Alfred Contact me Your Personal Benefits Consultant et alfred	anytime i⊚allay.io
r Savings		
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ormation		
looking for	What are the employer and employee contributions?	
formation	50% employee 50% dependents	0
efits δ Plan Documents	Great, 50% employee 50% dependents.	
of benefits and coverage		
bice	Do you already have renewal rates for your current plan?	
tes Census	Yes	0
	Please upload any medical renewal documents you have.	
Zero-committment.		
	Click the button below to select file(s).	
	Choose File(s)	







Broker chooses or creates plan designs for soft quoting

Old way:

Create or chose plans and send to underwriter to get soft quote using actuarial model (1 week)

New way:

Actuarial models programmed in to Allay. Select or create custom plans then get automated soft quotes (10s)

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Pay Par Usage Options Image: Compary Source add the groups of plans you'd like to show the castomer, adding the appropriate plans to each group. You can 'Preview' how the quote looks at any time. When you're ready to plans with the company copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plans unck the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy the Share URL or click Sand to Company and the admin will receive an email with a link to the quote you're mady to plan click the group copy to plan admin to the plan top. Add: Plan New Group New Group Mew Company and the baductole Sance Quote Sance Quote Sance to Company So Deleter Foroup Total Extrine Yeritas POS HSA 2000 Yeritas POS HSA 2000 Plan info Price Kind Tatal Uree For Claims Expected Participation Explanse Explanse Explanse Status 200/yr Kind Tatal Uree For Claims Explanse <t< th=""><th>Pay Per Usage Options To build a quote add the groups of plans you'd like to sho time. When you're ready to share with the company copy prepared. To highlight a plan click the grey checkmark a Add: Plan New Group New Compariso</th></t<>	Pay Per Usage Options To build a quote add the groups of plans you'd like to sho time. When you're ready to share with the company copy prepared. To highlight a plan click the grey checkmark a Add: Plan New Group New Compariso
To baild a cuote add the groups of plans you'd like to show the customer, adding the appropriate plans to each group. You can 'Preview' how the quote looks at any time. When you're ready to share with the company copy the Share URL or click 'Send to Company' and the admin will receive an email with a link to the quote looks at any prepared. To highlight a plan click the grey checkmark at the top of the plan you want to highlight. Add: Plan New Group New Comparison Image: Cigna - XYZ Compare High Deductible Image: Edit/Re-order this Group Veritas POS HSA 2000 Plan Info Plan No Plan Info Plan No Sorte Claims Planting Stide, 3200/yr Compare High Deductible Planting	To build a quote add the groups of plans you'd like to sho time. When you're ready to share with the company copy prepared. To highlight a plan click the grey checkmark a Add: Plan New Group New Compariso
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	\$169.320/yr
\$14,110/mo	\$14,110/mo
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True Cost True Cost True Cost True Cost True Cost Current Census Mid High Low Mid High Lo	Current Census
14 Employee Only	14 Employee Only
Plan Class HSA Qualified PPO Yes	O Employee and Spouse
0 Employee and Children Deductibles Out-of-pocket Max	
	0 Employee and Children
	0 Employee and Children

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Use Allay with your company			Allay Inc.	~
Pay Per Usage Options				



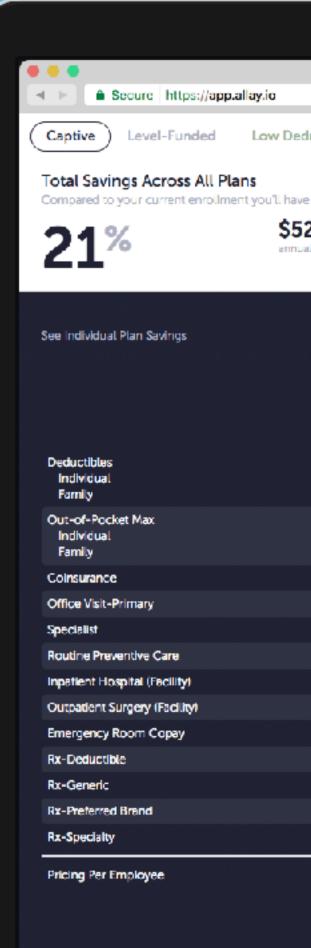




Proposal and comparison view for employer

Old Way: Create complicated spreadsheets and custom PDFs for employer (2-4 days)

New Way: Click proposal view and send custom URL to employer (auto created)



app.a	lay.io

Low Deductible

High Deductible (HSA)

Mid Tier

\$52,651.68

annual savings



Claims Fund Annual Maximum Across All Plans

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Existing Plans

Total Annual Cost

\$198,724.32

aetna: Veritas 350	0 HDHP
In-network	Cut-of-network
\$3,500 \$7.000	\$14,000 \$36.000
\$6,000 \$12,000	\$18,000 \$36,000
60% AD	40% AD
60% AD	40% AD
60% AD	40% AD
Covered in O	40% AD
60% AD	40% AD
60% AD	40% AD
60% AD	60% AD
Integrated	-
70% AD	
708 AD	-
70% AD	
\$323.57/mo	\$557.83/mo
Employee	Employee & Spouse
True Cost (27)	True Cost 🔝
\$410.97/mo	\$645.24/mo
Employee & Children	Employee & Family
True Cost 12	True Cost 12

aetna	Veritas 1500	Plan POS II (OA)
In-network		Out-of-network
\$1,500 \$3.000		\$3,000 \$6,000
\$3,000 \$6,000		\$6,000 \$12,000
80%		60%
\$25		60% AD
S4 0		60% AD
Covered in	0	60% AD
CIA \$08		60% AD
80% AD		60% AD
\$200		\$200
S0		-
\$10		
\$30		-
\$60		
S418/mo Employee		\$721/mo Employee & Spouse
True Cost 📝		True Cost 👔
S531/mo Employee & Ch	ildren	\$834/mo Employee & Family
True Cost 1/2		True Cost 12

aetna Veritas POS 1000	
In-network	Cut-of-network
\$1,000 \$2,000	\$3,000 \$6.000
\$2,500 \$5,000	\$6.000 \$12,000
80%	60%
\$25	60% AD
S45	60% AD
Covered in O	60% AD
80% AD	60% AD
80% AD	60% AD
\$200	\$200
Integrated	-
\$10	
\$30	-
\$60	
\$443/mo Employee	S754/mo Employee & Spouse
True Cost 👔	True Cost 👘
	leed help?



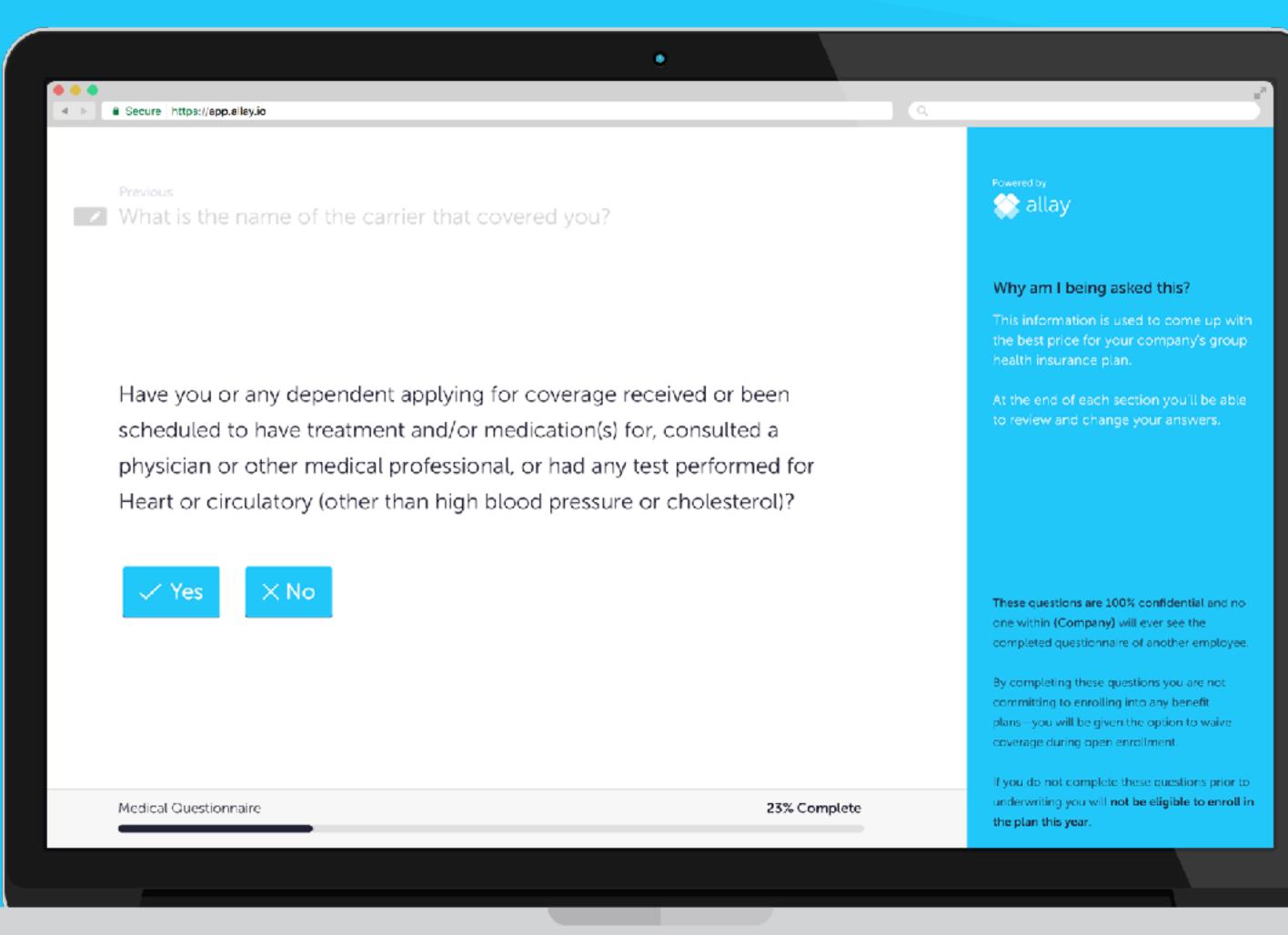




Collect employee health data for underwriting

Old Way: Send PDF health questionnaires to employees to fill out and send in (2 - 4 weeks)

New Way: All health questionnaires simplified online (1-2 weeks)

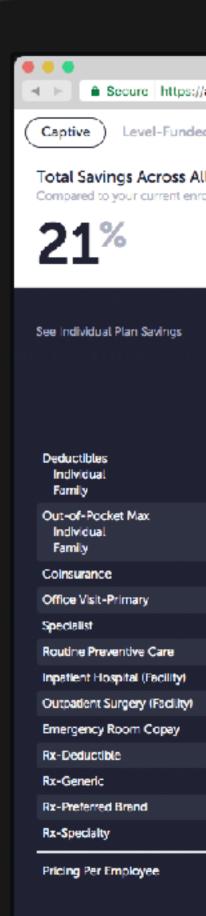




Proposal with firm quotes generated

Old way: Send to underwriter and wait for quote (1-4 weeks)

New Way: Data collected by Allay (underwriter) online, firm quotes posted online (1-3 days, target of same day)



annual savings

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://app.allay.io				
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led Low Deductible Mid Tier	High Deductible (HSA)			Existing Plan
All Plans proliment you'll have		Claims Fund Annual Maximum Across All Plans	Total Annual Cost	
\$52,651.68	\$4,387.64	\$79,489.73	\$198,724.32	

aetna: Veritas 3500	О НОНР
In-network	Cut-of-network
\$3,500 \$7,000	\$14,000 \$36.000
\$6,000 \$12,000	\$18,000 \$36,000
60% AD	40% AD
60% AD	40% AD
60% AD	40% AD
Covered in 🙂	40% AD
60% AD	40% AD
60% AD	40% AD
60% AD	60% AD
Integrated	-
70% AD	
70% AD	-
70% AD	-
\$323.57/mo	\$557.83/mo
Employee True Cost 🔝	Employee 8 Spause True Cost 107
\$410.97/mo	\$645.24/mo
Fraployee & Children True Cost 17	Finaloyee & Family True Cost 12

monthly savings

aetna	Veritas 1500	Plan POS II (OA)
In-network		Out-of-network
\$1,500 \$3.000		\$3,000 \$6.000
\$3,000 \$6,000		\$6,000 \$12,000
80%		60%
\$25		60% AD
\$40		60% AD
Covered in		60% AD
CA \$08		60% AD
80% AD		60% AD
\$200		\$200
S0		-
S10		
\$30		-
\$60		-
S418/mo Employee True Cost (p	0	S721/mo Employee & Spouse True Cost (p?)
S531/mo Employee & C	Shildren	\$834/mo Employee & Early True Cost, #2

aetna: Veritas POS 1000	
In-network	Cut-of-network
\$1,000 \$2,000	\$3,000 \$6.000
\$2,500 \$5,000	\$6.000 \$12,000
80%	60%
\$25	60% AD
\$4 5	60% AD
Covered in O	60% AD
80% AD	60% AD
80% AD	60% AD
\$200	\$200
Integrated	-
\$10	
\$30	-
\$60	-
\$443/mo Employee True Cost 👔	S754/mo Employee & Spouse True Cost (2)
N	ed help?







Closing documents + binding stop loss

Old way: Complete, sign, and send 8-10 PDF documents + send binder check (1-2 weeks)

New Way: Digitally auto-complete documents + send binder check (1-3 days)

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Landscape for underwriting

Large Employer Focused

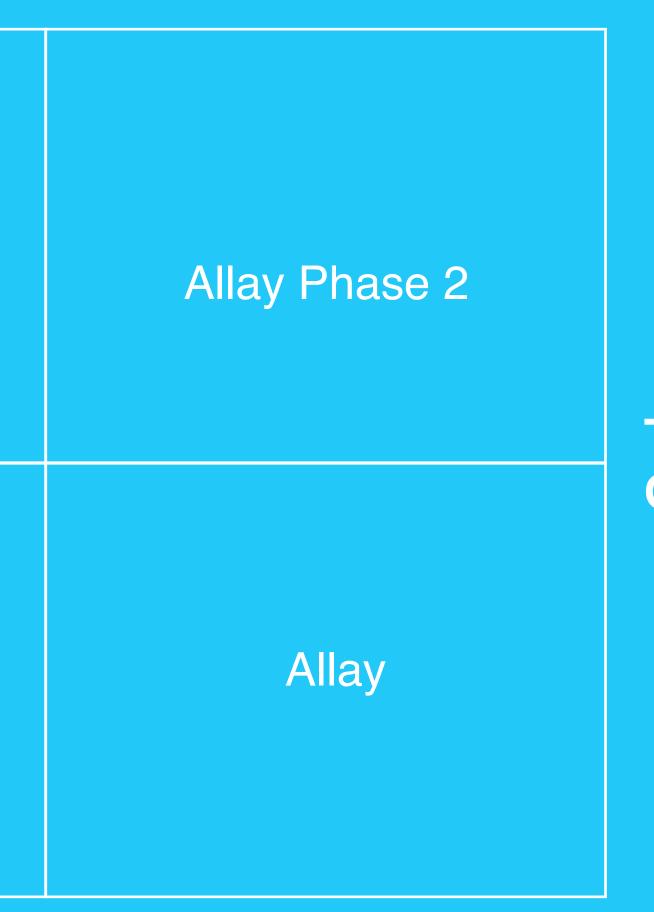
Managing General	
Underwriters	

Direct Writing Carriers

Offline Underwriters

Managing General Underwriters

Direct Writing Carriers



Tech First, **Online Underwriters**

Accepts Small Employers





To date testing with Allay as broker:

Employees who started underwriting: 1253



Employees covered on self funded plan: 224 (75% from 2 broker tests)







Key milestones

Milestone A:

Milestone B:

- +\$14.4M in stop loss premium sold
- ~\$1.5M booked in net new annual MGU revenue alone
- ~4000 covered employees
- 67 companies w/ avg 60 covered employees / company
- 20 strong broker partners, 200 covered employees each

Launch Allay MGU + plan designs with at least one stop loss insurance partner







Key team:

Julien Emery - CEO

- employee 15 @ HootSuite, Stasis Health / HumanAPI
 Chris Noble Head of Engineering
- CS Major U of Waterloo, engineering lead @ HootSuite
 Andrew Draper Product, UX/UI
 - Designer & Product Manager @ HootSuite, ManPacks

Ed Cymerys (advisor)

- former Chief Actuary @ Blue Shield of CA, Chief Actuary @ Collective Health Michael O'Neill (advisor)
- former Product Development & Product Marketing Blue Shield of CA
 Natalie Sunderland (advisor)
- former VP Marketing CastLight Health, VP Marketing QVentus
 Molly Smith (advisor)
 - Health Care Policy @ American Hospital Association







A allay

julien@allay.io • Allay.io







Go to market plan

<u>Direct Channel: Allay = Broker + Managing General Underwriter (MGU)</u>

- Allay is selling direct since in order to master every step in the sales process so that we can better select and educate broker partners.
- Potential Non-Broker Channel Partners
 - Direct primary care vendors,
 - Concierge medicine vendors
 - HR + benefits platform integrations
 - Fully insured quoting product integrations

Partner Channel: Allay = MGU only

- Selective channel partners will be used that understand self insurance + health care cost reduction programs
- Potential partners:
 - Select integrations with online brokers
 - Select offline brokers







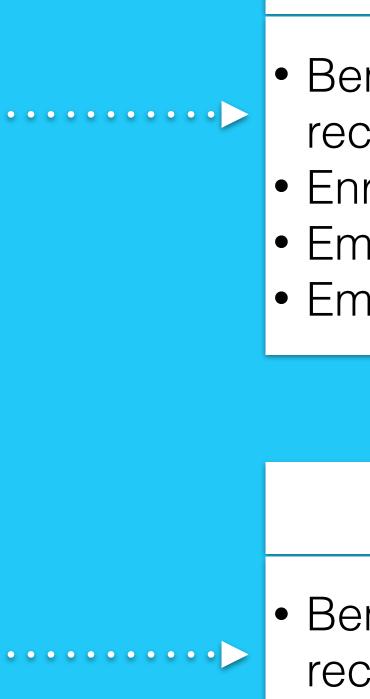
Core Business

Allay MGU

- Self funding underwriting software for employer + broker
- Pre-packaged + custom plan designs plans
- Enrollment + eligibility management software for employer + broker

KPIs:

- Stop loss premium volume
- Ease of purchasing + managing self funded plan



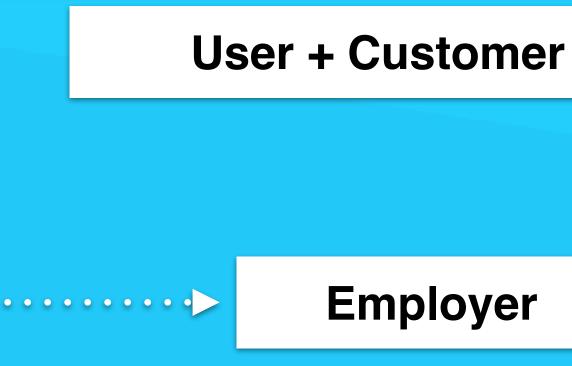
- Benefits strategy + plan recommendation
 Enrollment and eligibility
 Employer support
- Employer marketing + sales

Go to Market

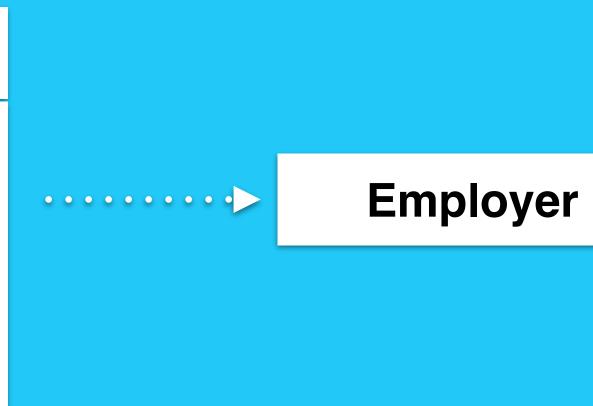
User

Allay Brokerage

- Benefits strategy + plan recommendation
 Enrollment and eligibility
 Employer support
- Employer marketing + sales



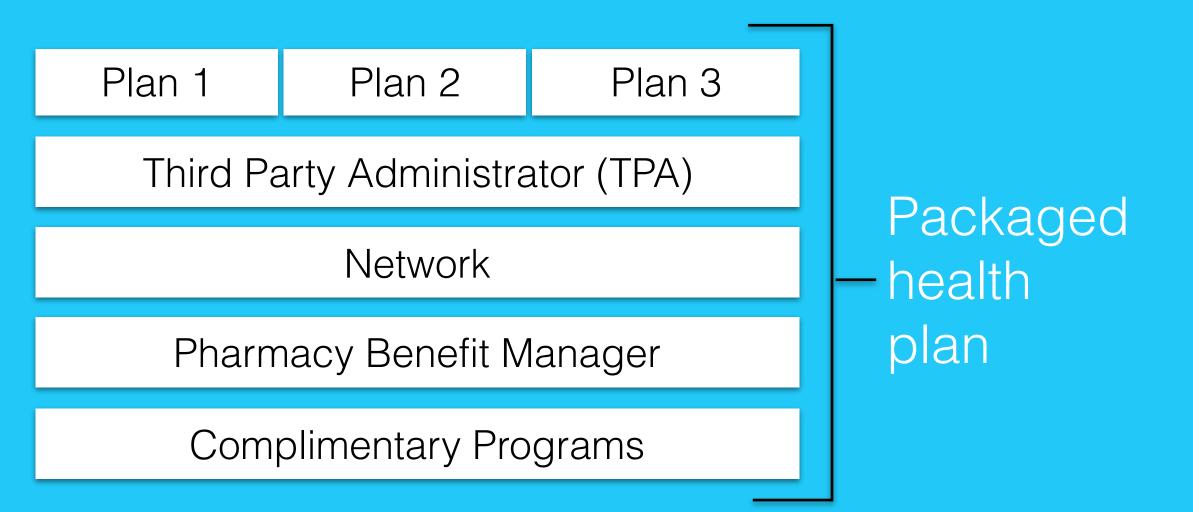
Partner Brokerage

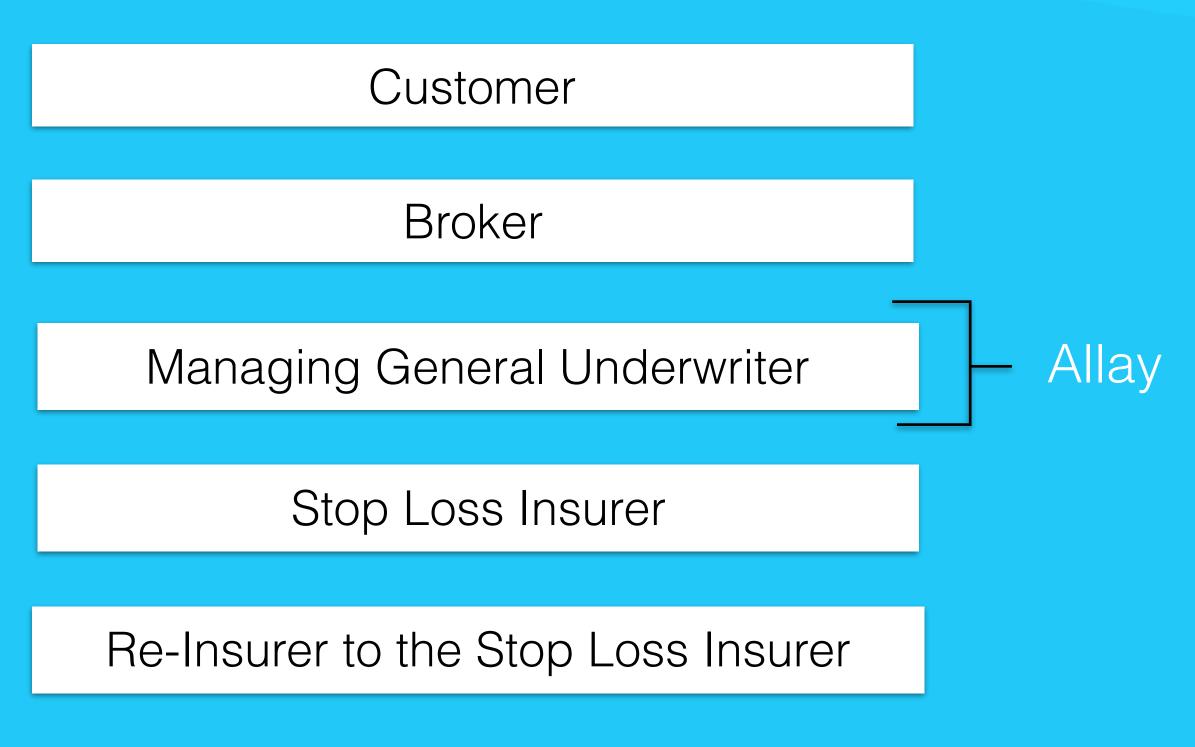






Where Allay fits in the distribution stack



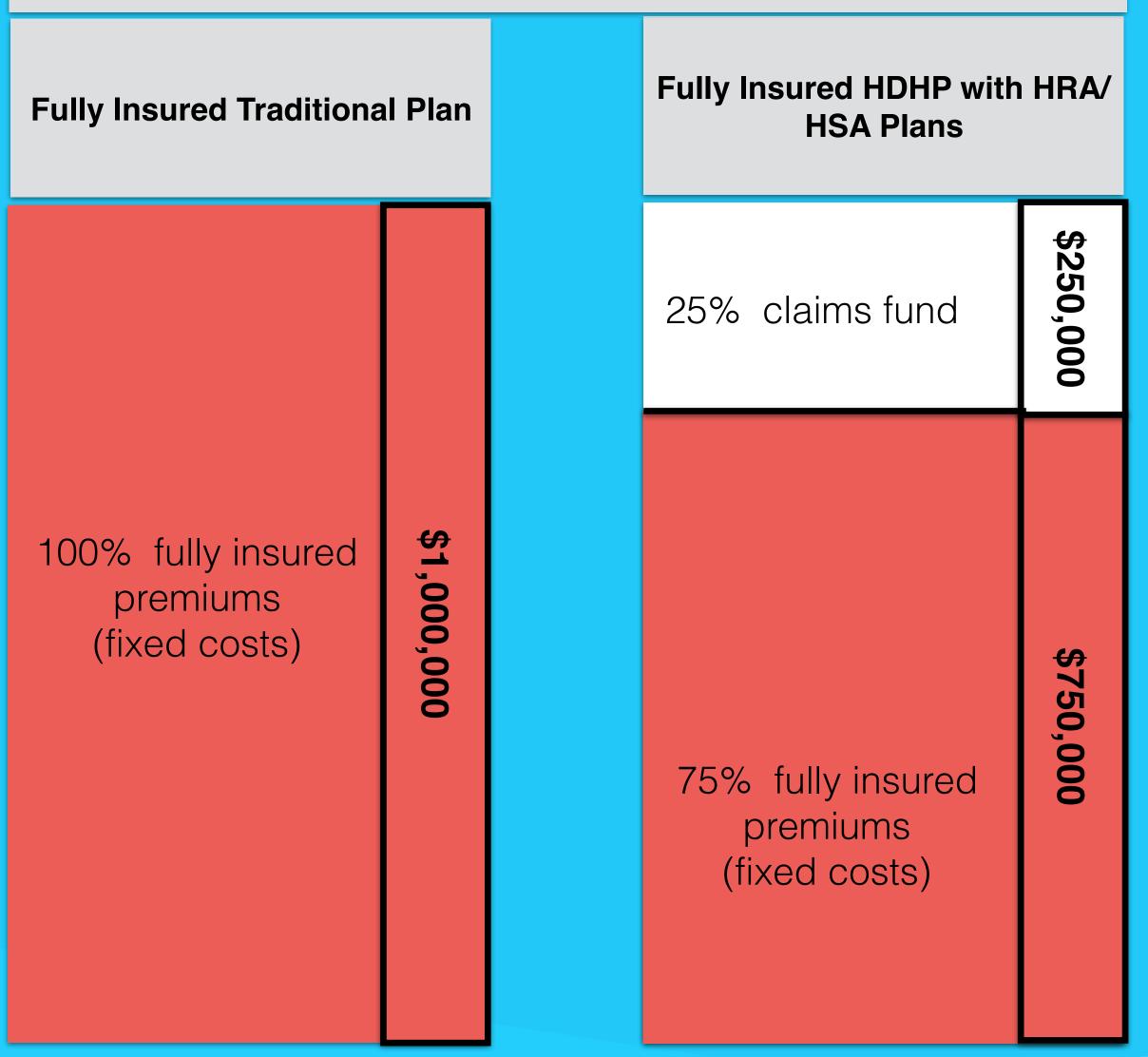


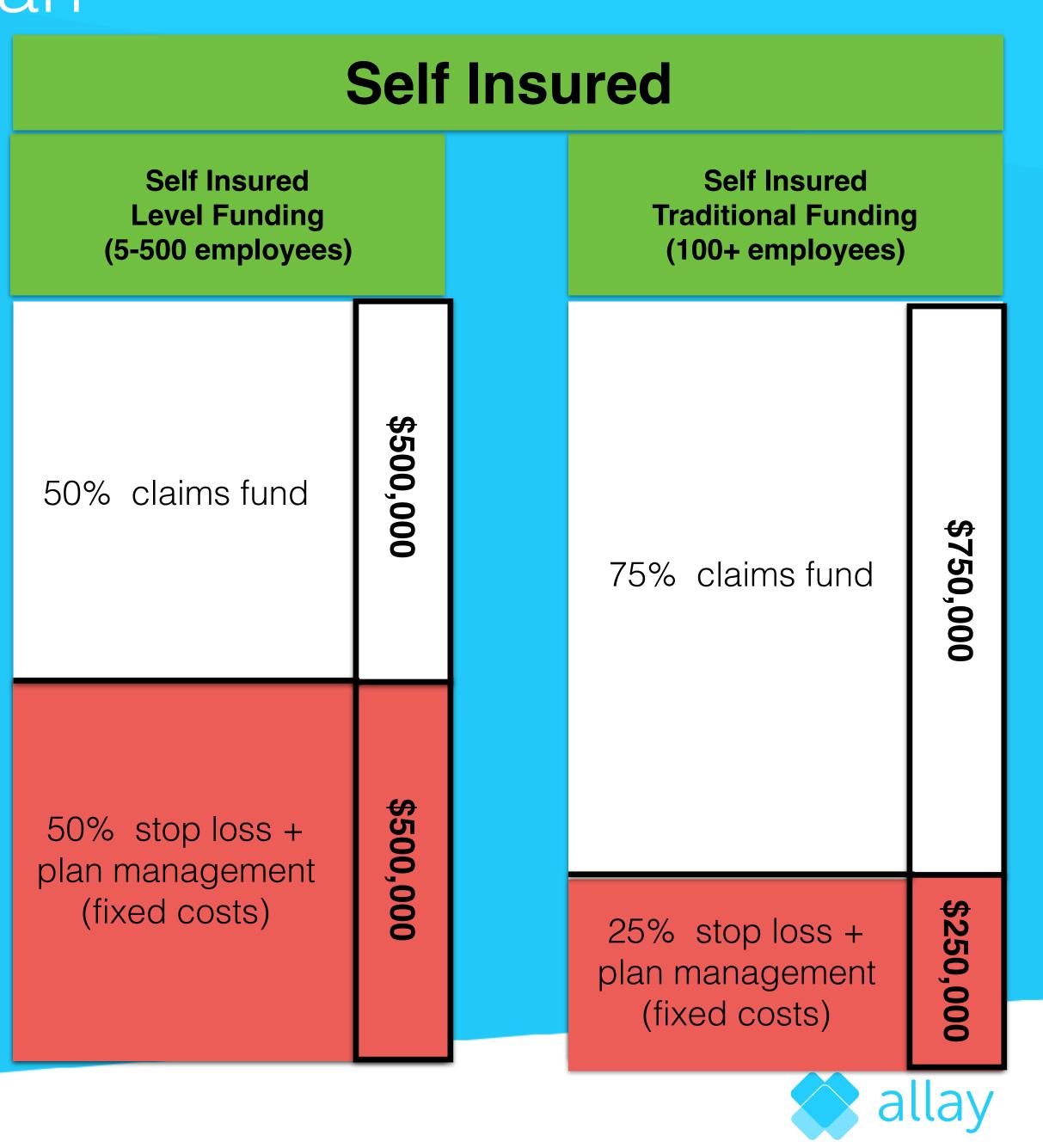




Spectrum of funding a health plan

Fully Insured





Landscape for Insurance Purchasing **Online Automated Purchasing**

Gusto SimplyInsured

Zenefits

Broker + LimeLight QuotIt Other quoting tools

> Offline Brokers

Only Fully Insured





Self Insured + **Level Funded**

Offline Brokers

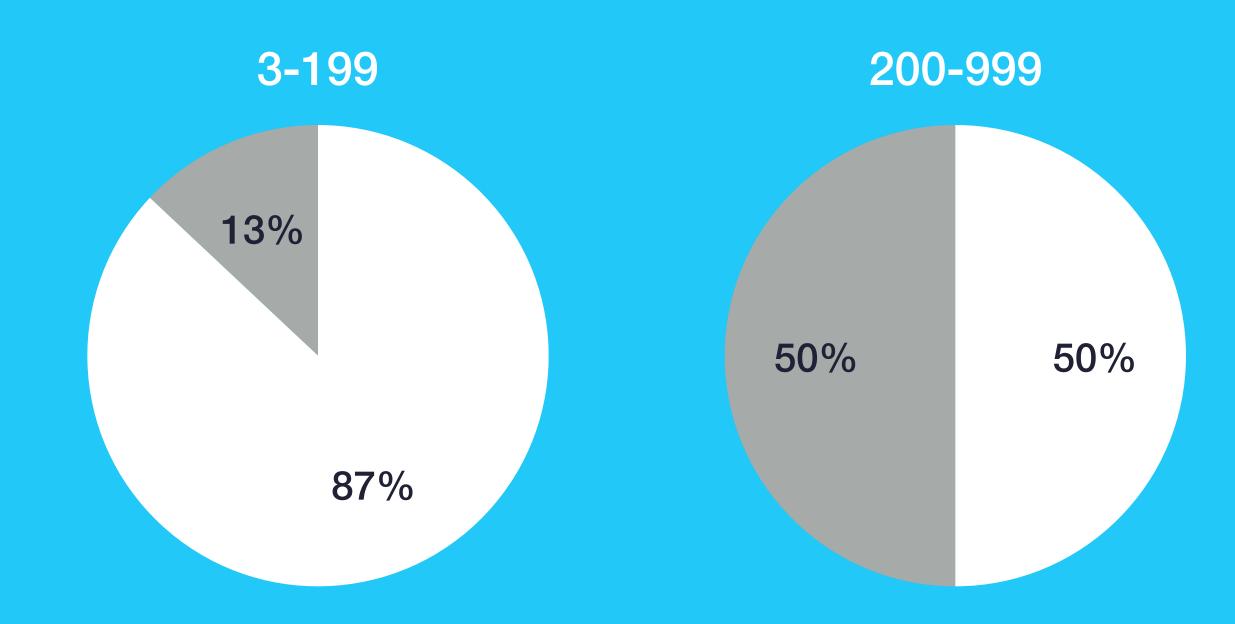




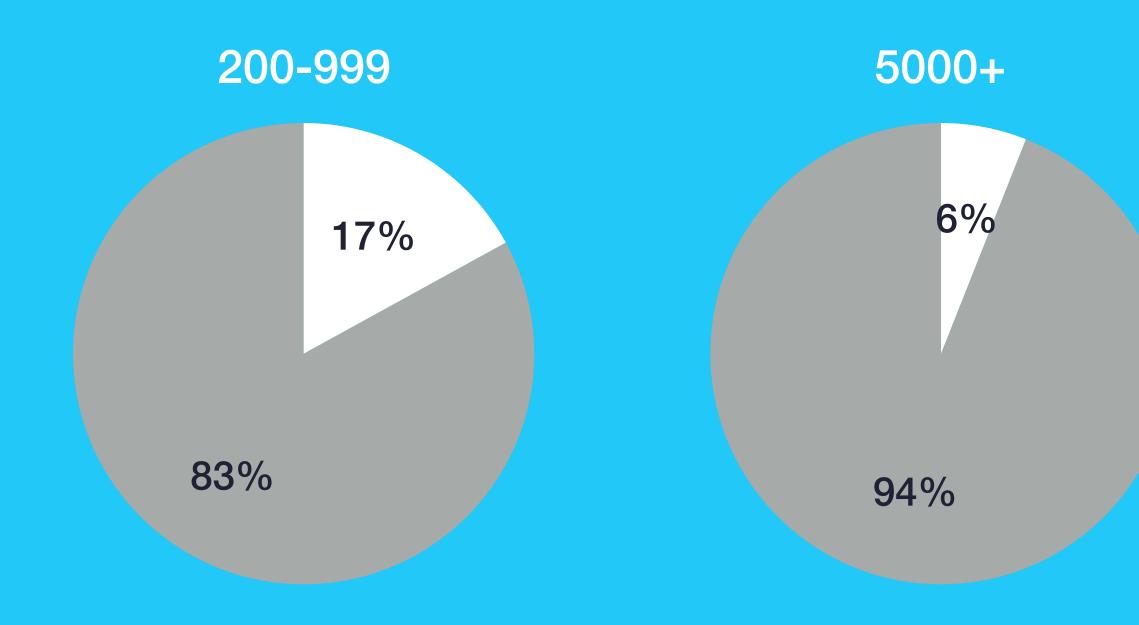


The cost saving benefits of self insurance can be brought down market with level funding Current Funding Strategy By Company Size in US (# employees)

Self Insured Fully Insured



Source: kff.org







Target Raise 1: \$2.0M Org Chart 11 ppl

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Allay Broker Team

Direct to Employer Sales (Jake)

> SDR (Tiffany)

Broker Operations (Robin)



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Allay MGU Team

- MGU Operations Lead (Spencer)
- MGU Operations (Alex)
- Broker Channel Sales (Spencer to start)

Product Team

Product / UX/UI (Andrew)

Engineering Lead (Chris)

Engineer (Adrien)

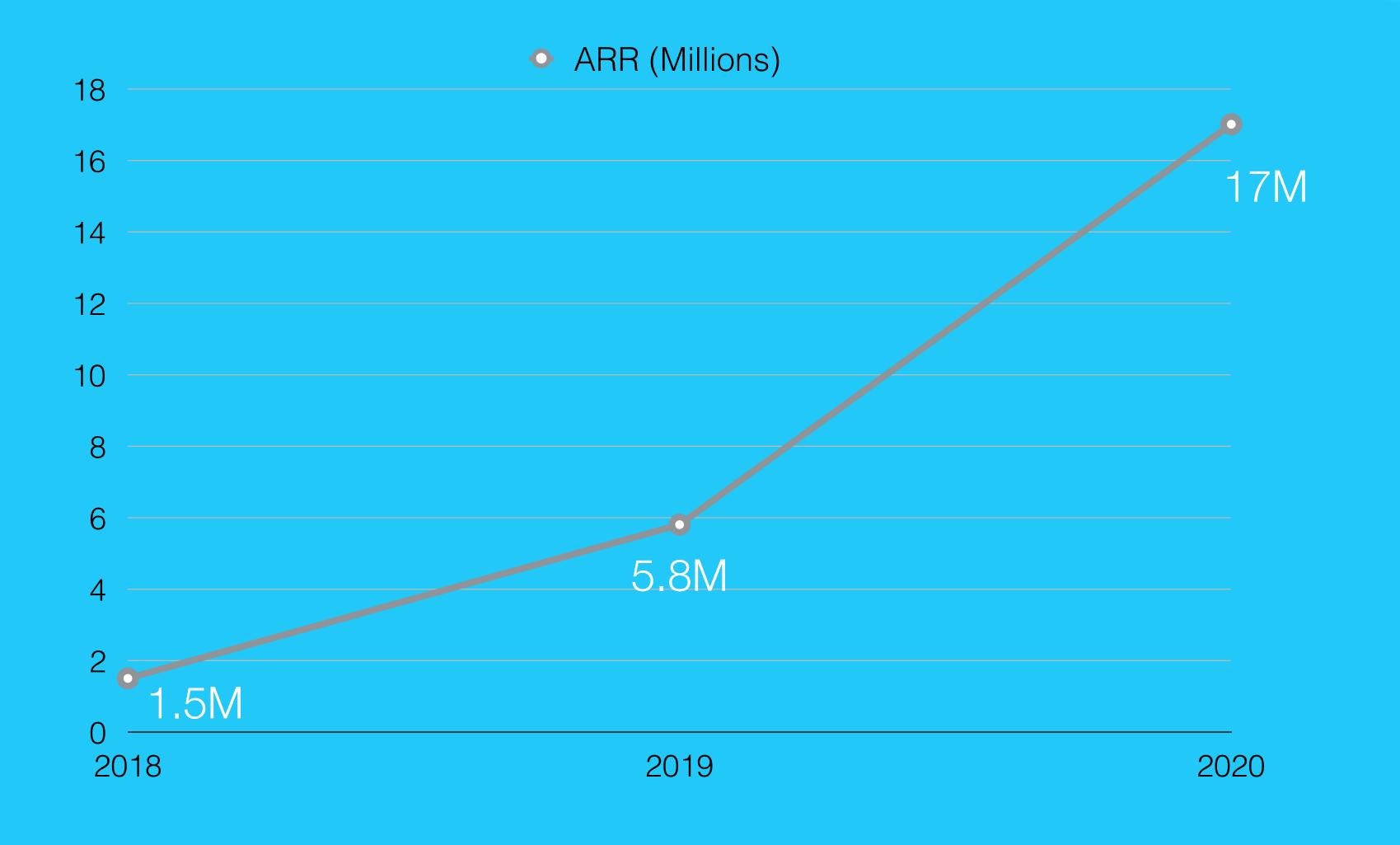
Engineer (Kev)

Engineer (Craig)





Revenue Pro Forma









Overview of the stop loss insurance distribution value chain.

Stop Loss Insurance Distribution Value Chain

		The part c	of the chain that Alla			
Relnsurance Carrier	Stop Loss Carrier	Managing General Underwriter	Intermediary	General Agent	Broker	Customer
Underwriting margin on reinsurance	Underwriting margin on stop loss	10% of stop loss premium + profit / risk share	2% of premium equivalent	2% of premium equivalent	5% of premium equivalent	

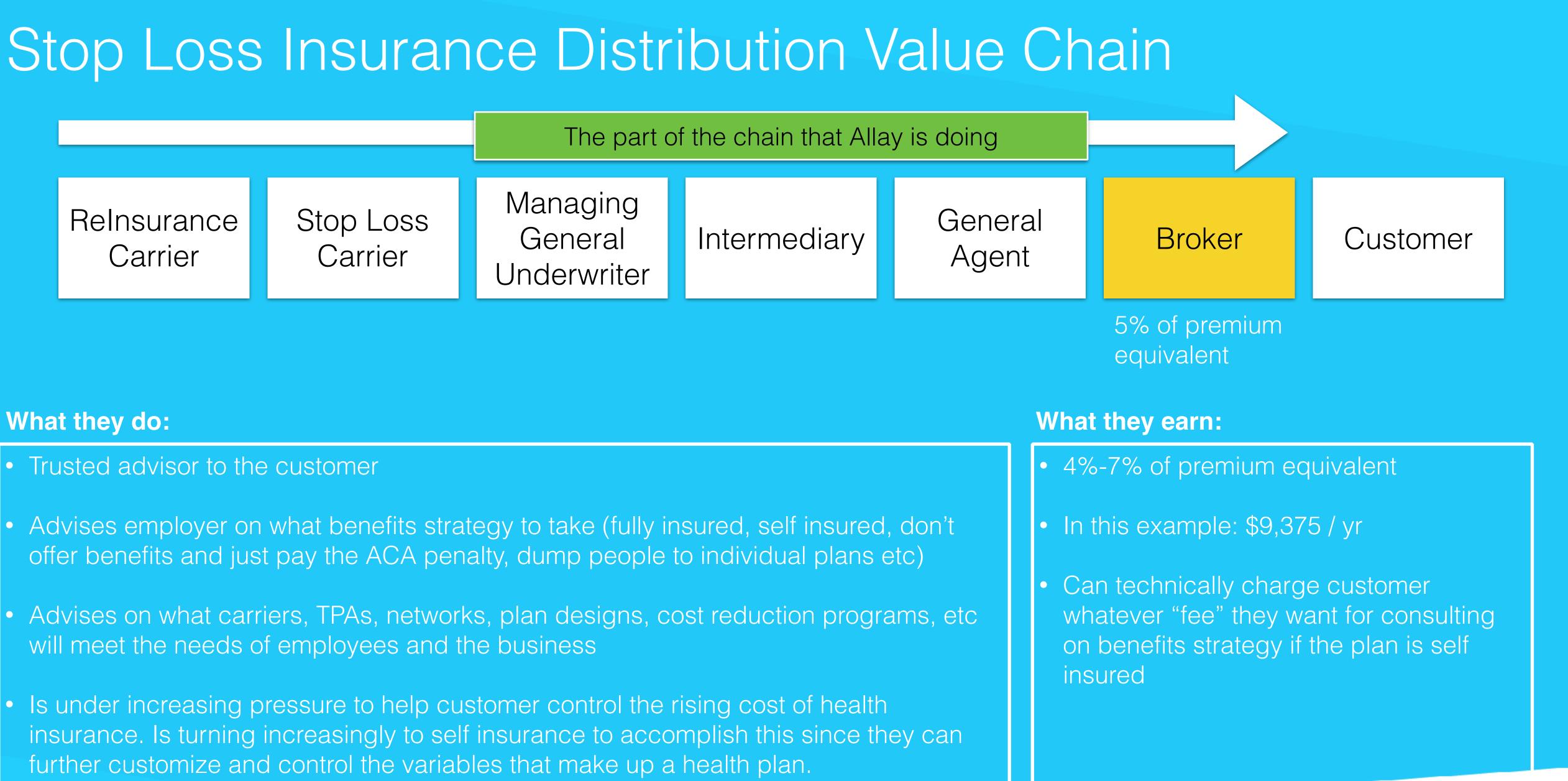
Let's use an example sale of a self funded medical plan: (ancillary products would be additional)

- 30 person employer
- 25 employees enroll in medical plan
- Total premium equivalent (total cost) = \$187,500
- Lets assume stop loss insurance ~ 40% of premium equivalent cost: \$75,000
- Total distribution related payout in this example: \$24,375 (13% of premium equivalent)

Note: the above compensation numbers are not written in stone, just illustrative of ranges we have seen in the market





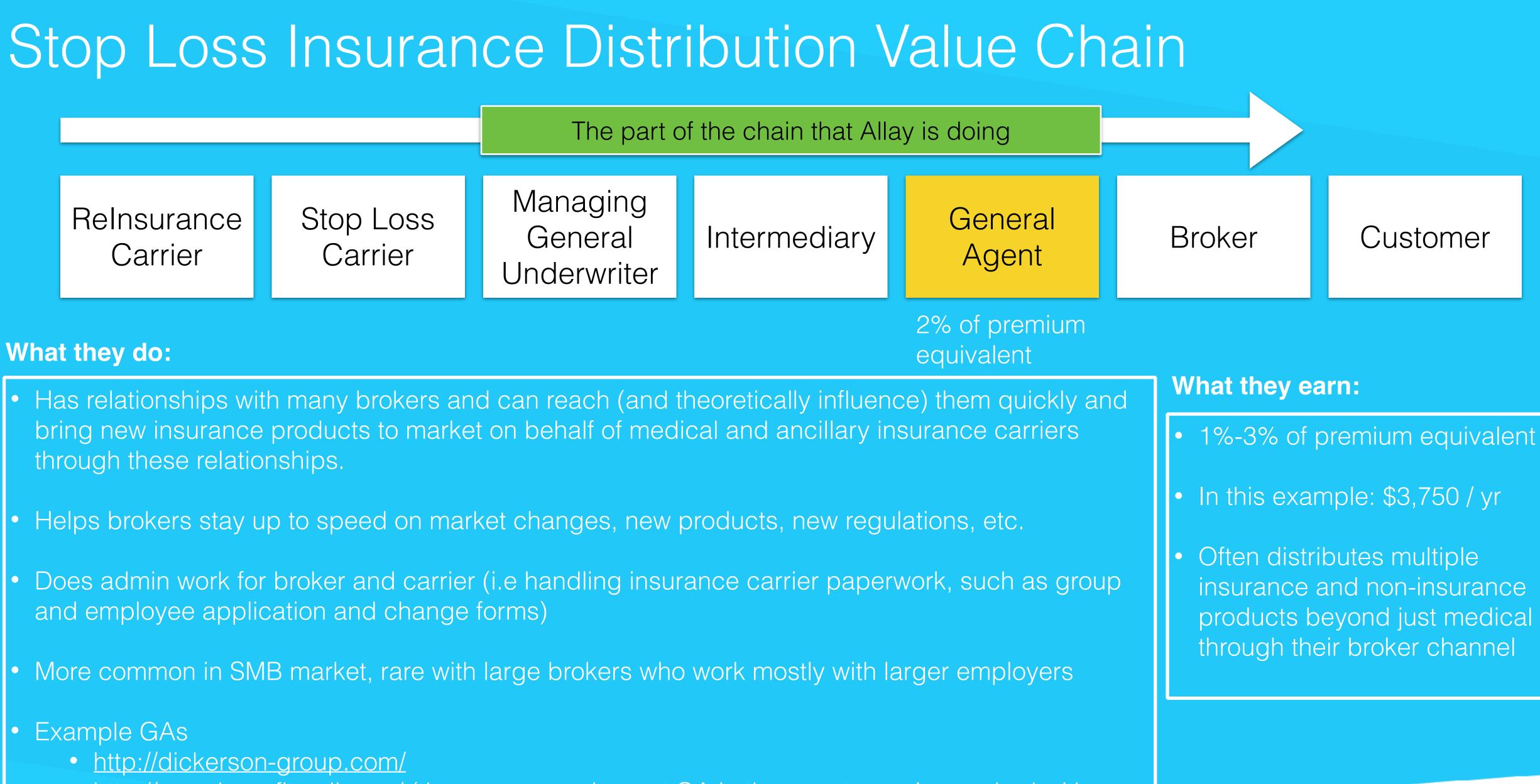


What they do:

- will meet the needs of employees and the business







What they do:

- - <u>http://www.benefitmall.com/</u> (these guys are largest GA in the country, we've worked with them a lot)









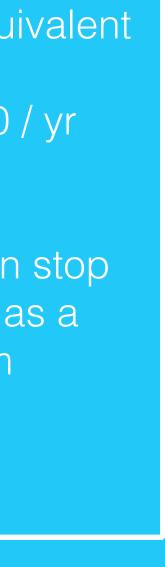


Stop Loss Insurance Distribution Value Chain								
			The part of the chain that Allay is doing					
	ReInsurance Carrier	Stop Loss Carrier	Managing General Underwriter	Intermediary	General Agent	Br	oker	Customer
2% of premium equivalent What they earn								ey earn:
 Has relationships with TPAs, and multiple MGUs / Stop Loss carriers. 1%-3% of premium equ 								
Brokers or GAs use them to help model out and soft quote health plan designs and "shop" for a few • In this example: \$3,750 different stop loss quotes.								
 Usually not used by larger brokers (with in house actuaries). They go direct to MGUs / stop loss carriers compensated ba loss volume insteriors 								
The	They can provide pre-packaged plans with a few stop loss options for brokers to sell.							

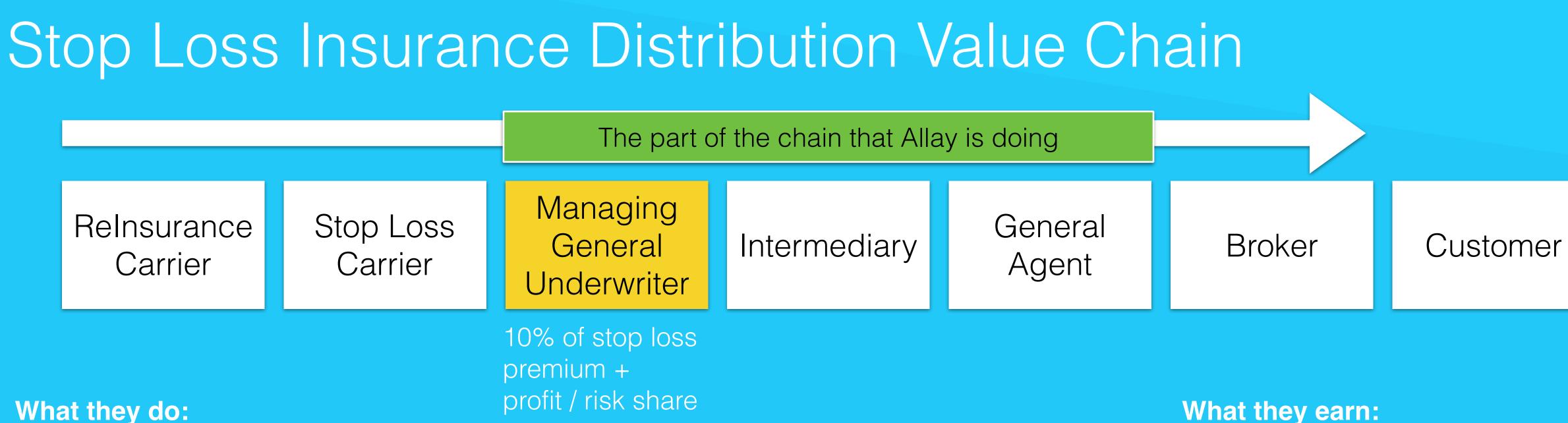
- They can provide pre-packaged plans with a few stop loss options for pro-
- TPAs will often play this role for an added revenue stream and to help drive customers to their own TPA services
- Example intermediary that has pre-packaged plans:
 - <u>http://protectplans.info/</u> (we've worked with this company)
 - some Third Party Administrators (TPAs)



equivalent







- Distributes and manages stop loss insurance policies
- Underwrites risk, pays health care claims that are above a specific threshold, manages profitability of a "book of business" aka premiums coming in across several customers
- MGUs are an extension of the stop loss carrier. Often share risk and profit on a book of business with the carrier.
- Direct writing carriers might have more experience and not desire to outsource this, some carriers do both, some carriers only use MGUs. If the carrier does not use MGUs the cost just moves in house.
- Example MGU:
 - <u>http://www.stratuw.com/</u> (we've used them)
 - <u>http://www.ecumgu.com/</u> (tried using them)

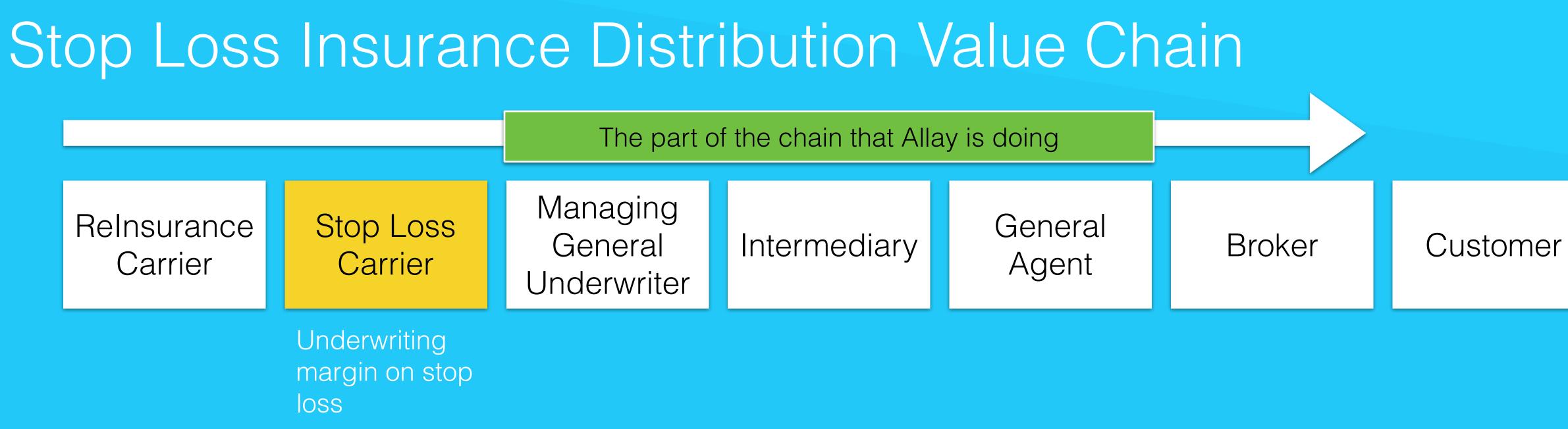
What they earn:

- 10% of stop loss premium volume
- In this example: \$7,500 / yr
- Can also profit share and risk share with the stop loss carrier









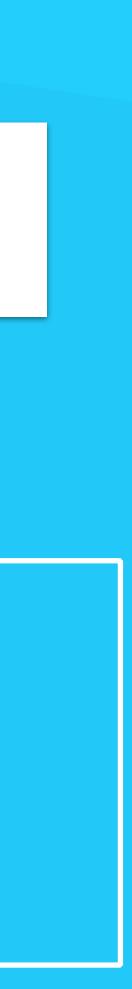
What they do:

- Has same or similar incentives as the MGU but sometimes underwrites directly instead of using MGU
- Targets 33% minimum underwriting margin
- Sees growing stop loss market in SMB space
- Example Stop Loss carriers:
 - Nationwide
 - Sunlife Financial
 - Guardian Life

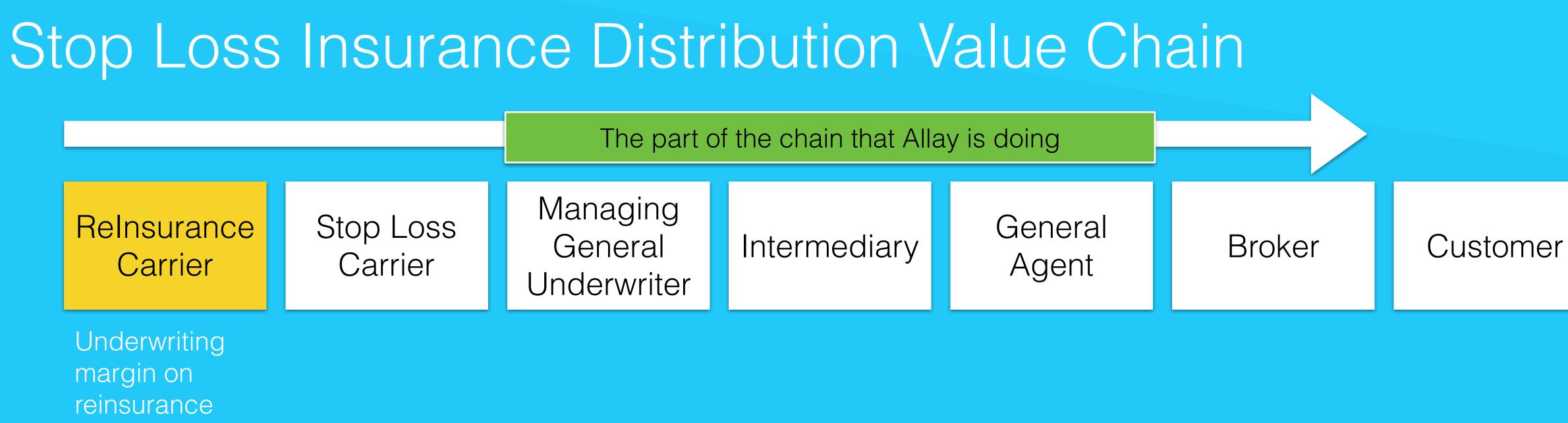
What they earn:

- Underwriting margin
- In this example: \$24,750+









What they do:

- Caps the risk of the stop loss carrier
- Sees growing stop loss and reinsurance market in SMB space
- Example Stop Loss carriers:
 - Axis
 - Munich Re
 - AIG

What they make:

- Underwriting margin
- Depends on amount of risk transfer from stop loss carrier to re-insurer





