

UNIMERICA INSURANCE COMPANY

SUBSEQUENT POLICY PERIOD OFFER



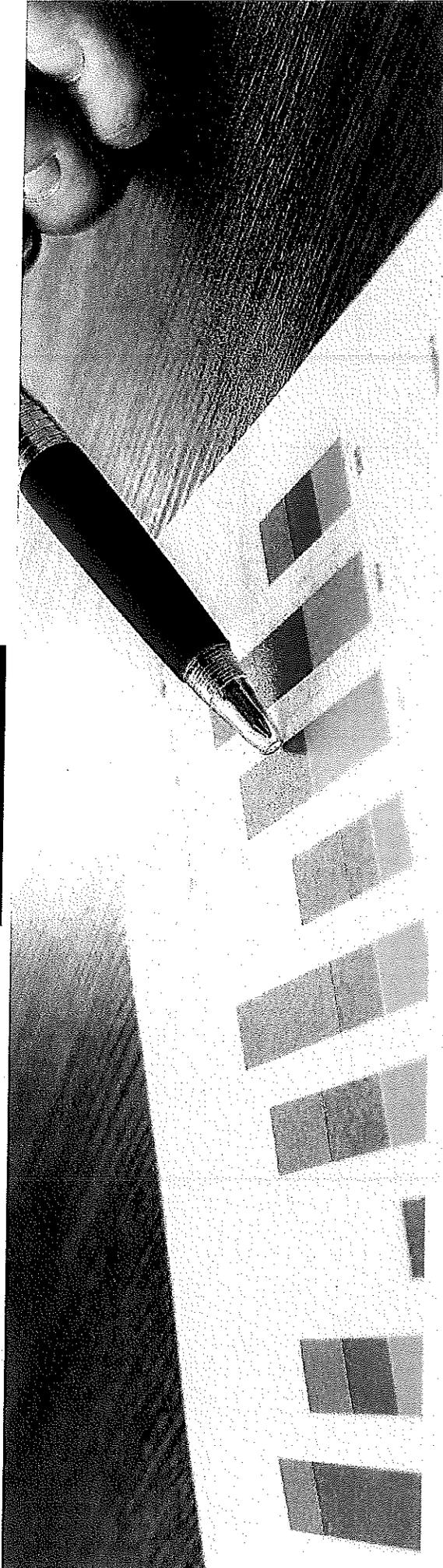
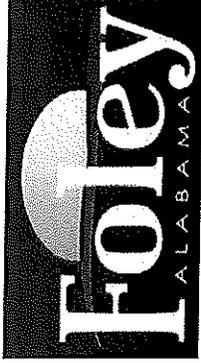
Employer: CITY OF FOLEY AL
Effective Date: JANUARY 01, 2019
Producer: JOHN DONALDSON
Underwriter: ROBERT BRANNON
Sales Reps: DONALDSON HRH
Date: 11/19/2018

SPECIFIC COVERAGE		Option 1
Specific Deductible Amount		\$50,000
Aggregating Specific Deductible		\$50,000.00
Specific Maximum		Unlimited
EMPLOYEE	100	\$69.62
FAMILY	208	\$175.11
Total Premium	308	\$520,618.56
Commission		10.5%
Benefits Covered		MED/RX
Specific Contract Basis		Paid

AGGREGATE COVERAGE		
Annual Aggregate Deductible		\$4,103,124
EMPLOYEE	100	\$525.07
FAMILY	208	\$1,391.44
Benefits Covered		MED/RX
Aggregate Contract Basis		Paid
Monthly Premium Per EE		\$2.85
Commission		10.5%

CONDITIONS AND ASSUMPTIONS

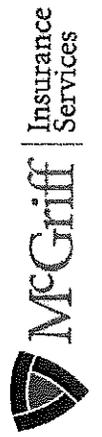
- ~ Option(s) 1 of this proposal include(s) an Experience Refund which will allow for a refund of 25 % of Net Profit provided this stop loss coverage continues for a subsequent Policy Period and is in force at the time of refund.
 - ~ Claims that exceed the Specific Deductible up to the stated Aggregating Specific Deductible are not eligible claims under Specific or Aggregate coverage.
 - ~ RX: RX Benefits
 - ~ Aggregate Liability Limit: \$ 1,000,000 per Benefit Period.
 - ~ Minimum Annual Aggregate Deductible is the greater of 100% % of; 1) the Annual Aggregate Deductible; or 2) the first Monthly Aggregate Deductible times 12 months.
 - ~ The above specific rates include a feature which will guarantee your Subsequent Policy Period beginning 1/1/2020 will not contain any new lasers. Additionally, the Specific Monthly Premium Rates and Aggregating Specific Deductible (if applicable) will not increase more than 55% over the rate and Aggregating Specific Deductible inforce (the "Rate Cap"). The Rate Cap will not apply if the Company determines there is a material change to the Policyholder's Plan, the terms or conditions of the Excess Loss Insurance Policy, or the nature or composition of the group to whom the coverage is offered.
 - ~ Optum reserves the right to remove the Rate Cap option once the maximum Rate Cap has been applied for two consecutive Policy Periods.
 - ~ Other compensation or bonuses may be indirectly reflected in this quote. Contact your broker/agent if you have any questions relating to their compensation for this offer.
 - ~ CURRENT plan has been quoted.
 - ~ This offer includes, at no additional cost, the IRO Extended Liability Endorsement which provides a 12-month extension of coverage for any paid claim that is denied and subsequently overturned by an IRO upon appeal.
 - ~ The Plan will have Network: BCBS Case Manager: BCBS TPA: BCBS AL
 - ~ Retirees ARE considered Covered Persons for benefits under the Excess Loss Policy.
 - ~ The Subsequent Policy Period Offer is based on data submitted, plus other information furnished relevant to underwriting the risk, including all claims or possible claims, paid, pending or denied pending additional information, or which the employer or its authorized representative should otherwise be aware of. Any inaccuracy in the data submitted or failure to disclose any such information can change the terms, conditions, rates or factors of this offer or can void the offer and coverage.
 - ~ This document may contain Protected Health Information (PHI) and should only be shared with individuals designated to view such information per HIPAA regulations.
 - ~ In executing this form, the employer or its authorized representative, is acknowledging acceptance of the new rates, factors and terms. The employer or its authorized representative further acknowledges that all material facts, terms and conditions stated in the employers plan document and the Policy/Agreement remain unchanged and in full force and effect, unless noted above.
- Until we obtain the signed Subsequent Policy Period Offer, the rates and factors are subject to change as additional information is received. This Offer is valid for the stated effective date noted above provided the employer or its authorized representative elects one of the above options, signs the acknowledgment and we receive the completed Offer by 11/20/2018*



November 8, 2018

City of Foley 2019 Stoploss Comparison

Frank Weber, CEBS
Vice President
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McGriffInsurance.com

City of Foley

Paid Claims Report

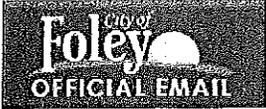
	2016 Paid Claims	2017 Paid Claims	2018 Paid Claims
January	\$242,632.21	\$214,280.97	\$260,343.68
February	\$220,971.51	\$350,060.95	\$230,860.54
March	\$235,250.35	\$354,790.91	\$296,740.22
April	\$193,077.21	\$405,311.54	\$177,488.42
May	\$195,629.25	\$210,158.06	\$240,039.15
June	\$243,639.76	\$358,362.57	\$249,426.87
July	\$222,179.31	\$176,994.30	\$188,001.29
August	\$184,899.49	\$261,758.66	\$239,070.68
September	\$208,521.54	\$183,277.04	\$216,394.96
October	\$231,181.48	\$175,309.06	\$272,600.15
November	\$151,583.07	\$266,127.85	
December	\$190,125.63	\$302,368.93	
Total	\$2,519,690.81	\$3,258,800.84	\$2,370,965.96
Large Claims over \$50,000	\$108,562.59 <i>4 Claims</i>	\$498,126.75 <i>13 Claims</i>	\$26,225.15 <i>3 Claims</i>
Average Enrollment	283	292	302
Monthly Average minus Large Claims	\$200,927.35	\$230,056.17	\$234,474.08
Average Claim Per Month / Per EE	\$709.99	\$787.86	\$776.40



Plan Year 2019
City of Foley
Self-Funded Administration Cost Analysis

Carrier	OPTUM Current \$50,000 + \$50K AGG PAID	OPTUM Renewal \$50,000 + \$50K AGG PAID	BCS \$50,000 + \$50K AGG 24/12	LLOYD'S \$50,000 + \$50K AGG 24/12	BH OPTION 1 - NO NNIL/RC \$50,000 + \$50K AGG 24/12	BH OPTION 2 - WITH NNIL/RC \$50,000 + \$50K AGG 24/12	IRONSORE OPTION 1 - NO NNIL/RC \$50,000 + \$50K AGG 24/12	IRONSORE OPTION 2 - WITH NNIL/RC \$50,000 + \$50K AGG 24/12
Specific Stop Loss Deductible								
Contract Type								
Specific Premium								
100 Single	\$69.62	\$69.62	\$88.01	\$71.00	\$66.88	\$74.13	\$76.58	\$82.43
208 Family	\$175.11	\$175.11	\$163.16	\$164.16	\$208.85	\$231.60	\$191.45	\$206.08
Monthly Specific Premium	\$43,384.88	\$43,384.88	\$42,758.28	\$41,245.28	\$50,149.60	\$55,585.80	\$47,479.60	\$51,107.64
Annual Specific Premium	\$520,618.56	\$520,618.56	\$512,899.36	\$494,943.36	\$601,795.20	\$667,029.60	\$569,755.20	\$613,291.68
Aggregate Premium Per Employee Per Month	\$2.95	\$2.85	\$4.13	\$4.56	\$2.82	\$2.82	\$3.38	\$3.38
308 Annual Aggregate Premium	\$10,593.60	\$10,593.60	\$15,264.48	\$16,853.76	\$10,422.72	\$10,422.72	\$12,492.48	\$9,398
A. Total Annual Fixed Costs	\$531,152.16	\$531,152.16	\$523,123.84	\$511,797.12	\$632,217.92	\$674,515.2	\$597,276.8	\$625,784.48
Aggregate Factors								
100 Single	\$525.07	\$525.07	\$1,080.18	\$541.58	\$954.09	\$554.09	\$548.28	\$548.28
208 Family	\$1,391.44	\$1,391.44	\$1,080.18	\$1,408.10	\$1,022.14	\$1,022.14	\$1,370.70	\$1,370.70
308 Composite	\$4,103,118.24	\$4,103,118.24	\$3,992,345.28	\$4,164,513.60	\$2,976,169.44	\$2,976,169.44	\$4,079,203.20	\$4,079,203.20
B. Est. Aggregate Attachment Point (125%)	\$3,282,494.59	\$3,282,494.59	\$3,199,875.22	\$3,331,610.88	\$2,380,935.55	\$2,380,935.55	\$3,263,562.56	\$3,263,562.56
C. Expected Claims (100%)	\$4,634,270.40	\$4,634,270.40	\$4,520,659.12	\$4,676,310.72	\$3,588,387.36	\$3,653,821.76	\$4,661,450.88	\$4,704,937.56
Total Annualized Maximum Costs (A+B)	\$594,157,467.5	\$594,157,467.5	\$572,700,006	\$5,843,408.00	\$2,893,133.47	\$3,058,487.57	\$3,845,610.24	\$3,989,146.72
Total Annualized Expected Costs (A+C)								
	INCLUDES NNIL RATE CAP 55%	FIRM QUOTE EXPIRES 11/20/18 INCLUDES NNIL RATE CAP 55%	This was illustrative. Carrier would need updated claims data to provide a firm quote.	FIRM QUOTE EXPIRES 12/06/18 DOES NOT INCLUDE NNIL NO RATE CAP	FIRM QUOTE EXPIRES 11/13/18 DOES NOT INCLUDE NNIL NO RATE CAP	FIRM QUOTE EXPIRES 11/13/18 INCLUDES NNIL RATE CAP 60%	FIRM QUOTE EXPIRES 11/15/18 DOES NOT INCLUDE NNIL NO RATE CAP	FIRM QUOTE EXPIRES 11/15/18 INCLUDES NNIL RATE CAP 50%

One laser at \$200K
One laser at \$80K
One laser at \$240K
One laser at \$240K



Marcie Moscatelli <mmoscatelli@cityoffoley.org>

Stop Loss renewal

Weber, Frank <Frank.Weber@mcgriffinsurance.com>

Wed, Nov 21, 2018 at 12:58 PM

To: Marcie Moscatelli <mmoscatelli@cityoffoley.org>

Cc: "Rouse, Terri" <Terri.Rouse@mcgriffinsurance.com>, "Spikings, Murray" <Murray.Spikings@mcgriffinsurance.com>, "Cannon, Curtis" <Curtis.Cannon@mcgriffinsurance.com>, "spate@cityoffoley.org" <spate@cityoffoley.org>

Good morning Marcie. I've attached the Stop Loss (SL) renewal illustrations, with claims updated through October. As we mentioned in prior emails, we were extremely pleased to receive the rate hold from your current SL carrier, Optum. Despite the initial confusion regarding rates on behalf of the Optum underwriters, you will see that the renewal matches current. Marcie, the rate hold is an indication of Optum's commitment to the lengthy relationship with the City of Foley. As standard practice, we "market" your SL coverage to well over a dozen carriers and test the competition to put the City in a favorable position to negotiate rates. As the illustration shows, we received quotes from BH (Berkshire Hathaway), Lloyd's, Ironshore and BCS (BCS and Lloyd's quotes come to us via BCBSAL). The only quote that was close to being competitive was the BCS quote ("illustrative"), and BCS was unable to provide a firm number. As I mentioned to you in an earlier email, we do not think that they were willing to provide *firm* numbers that were this close to current.

Marcie, in your review of these documents, please note that your Average Claims Per Employee Per Month have decreased from \$787.86 to \$776.40, and so far you have had only 3 claims over \$50,000 (versus 13 claims last year). Obviously, the City is having a much better year to date, and this is reflected in Optum's willingness to hold rates. But please note that *both Lloyd's and Ironshore had significant lasers*, and we were anticipating the same with final numbers from BCS. Your current contract with Optum maintains the No New Laser (NNL) and 55% Rate Cap Renewal provisions. Coupled with the Experience Reward, these provisions clearly make the Optum contract significantly more attractive. Given the rate hold and these beneficial contract provisions, we strongly recommend renewing with Optum for 2019.

There are some additional thoughts that might interest the Mayor and City Council. McGriff Insurance Services and our sister companies under BB&T are together the nation's fifth largest insurance brokerage, and subsequently work with the largest insurance companies throughout the world. Based on the recent experiences shared throughout our company and the insurance industry, I can state with certainty that *most Stop Loss carriers are not presenting rate hold (or rate pass) renewals these days!* As I referenced earlier, the City's claims' costs seem to be stable, and maybe slightly decreasing. I firmly believe that a significant, positive impact is coming from the Symbol Clinic. Our McGriff team is currently in the process of analyzing the data from Symbol, the PBM data from RxBenefits, and the BCBSAL claims' details to determine how the 3 major components of your health care cost are performing together and how to improve the coordination of claims management going forward. I know that Curtis has shared a little bit with you, but we intend to share more of the details as these programs are initiated. Since these analyses will be done within McGriff, there will be no cost passed on to the City for these analytic services. Of course, if things change, we will notify you, but I can assure you that there will be no additional expense incurred by the City for this analysis.

Marcie, it's always nice to be providing good news when renewing any type of insurance coverage, but especially Stop Loss! Please let me know if you, Sandra or Mike have any questions or concerns. Expect to hear from me regarding a follow up meeting next month to discuss the programs mentioned above, and I'm available all week if you need to reach me. In the meantime we hope you and your family have a Great Thanksgiving!

Frank Weber, CEBS

Senior Vice President

One Independence Plaza, Suite 800 | Birmingham, AL 35209

205-986-8317 (w) | 205-540-6358 (c)



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