

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Bruce Monson, Executive Director of Financial Services

FROM: Bert Palmer, Risk Manager

DATE: August 2, 2006



SUBJECT: Group Long Term Disability (LTD) Insurance

Renewal: 01/01/2007

Carrier: Mutual of Omaha

The carrier has offered to renew the district group LTD program at the expiring Covered Monthly Payroll (CMP) rate of 0.28% for one additional year [01/01/07 through 12/31/07]. The current CMP rate covered the period 01/01/05 through 12/31/06. The renewal is no increase. The average monthly premium for the first eight months of the 2006 calendar year has been \$50,328.45.

The program provides a monthly disability benefit equivalent to 60% of the employee's pre-disability base salary. The disabled employee is entitled to the benefit after meeting a 90 day elimination period. The benefit is provided to all appointed employees.

I recommend the district accept the proposed one year renewal with no rate increase.

Attachment

UNITED of OMAHA LIFE INSURANCE COMPANY
Mutual of Omaha Plaza
Omaha, NE 68175
402 342 7600
mutualofomaha.com



June 27, 2006

L.B. Bryan & Company
Attn: Lon B. Bryan III
814 A1A North, Suite 304
P.O. Box 3678
Ponte Vedra Beach, FL 32004

Re: The School Board of Sarasota County, Florida
Policy # GMTD-07A04

Thank you for choosing Mutual of Omaha as your client's benefits provider. It has been our pleasure to provide The School Board of Sarasota County, Florida with group benefits and services that are unique to your client's individual needs. Mutual of Omaha is committed to providing unparalleled service and value that will meet your customer's needs.

As part of our effort to ensure the best quality products and services for our partnership with your client, we carefully evaluate claim trends and activity specific to the industry and size segment. Based upon this information and your client's specific demographics, plan design, and claims experience the following rate adjustments will be necessary.

Option 1

Coverage	Current Rate	Renewal Rate	Effective Date	Guarantee Date
LTD	\$0.28/\$100 of payroll	\$0.28/\$100 of payroll	January 1, 2007	December 31, 2007

Option 2

Coverage	Current Rate	Renewal Rate	Effective Date	Guarantee Date
LTD	\$0.28/\$100 of payroll	\$0.30/\$100 of payroll	January 1, 2007	December 31, 2008

The enclosed renewal summary provides additional information specific to your client.

If you have any questions or need further assistance, please contact Patricia Vanneman at (813) 286-8003 ext. 24.

Sincerely,

Donald E. Larsen, FLMI, HIA, ACS, AIAA
Chief Underwriter

Your LTD renewal is based on the following information:

Monthly Inforce Rate/ \$100 of payroll	\$0.280
Monthly Premium	\$50,837.83
Annual Premium	\$610,053.96
Volume	18,156,368
Covered Lives	5,748

The following outlines the rate calculation:

Period	01/01/2002-01/31/2006(excludes IBNR period of 02/01/2006-05/31/2006)
Paid Premium	\$1,833,317
Constant Premium (based on premium over experience period at the inforce rate)	\$1,987,161
Paid Claims	\$841,668
Paid Loss Ratio	42.4%
Reserves	\$1,422,369
Time Value Adjustment	(\$218,545)
Incurred Claims	\$2,045,492
Incurred Loss Ratio	102.9%
Target Loss Ratio	73.9%
Manual Rate/\$100	\$0.382
Inforce Rate/\$100	\$0.280
Experience Rate/\$100	\$0.390(Incurred Loss Ratio divided by Target Loss Ratio times Inforce Rate)
Credibility	100%
Blended Rate/\$100	\$0.390(Experience Rate * Cred) + ((Manual Rate * (1-Cred))
Renewal Rate /\$100	\$0.280 – 1 Year \$0.300 – 2 Years

MUTUAL of OMAHA INSURANCE COMPANY
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 Omaha, NE 68175
 402 342 7600
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EXHIBIT OF ADJUSTED EXPERIENCE

LTD EXPERIENCE EXHIBIT FOR: SCHOOL BOARD OF SARASOTA COUNTY
 GROUP NUMBER: GMTD-07A04
 EXPERIENCE PERIOD: 01/02-02/06

PERIOD PAID	MOS	PERIOD INCURRED				SUBTOTAL	2/06-6/06	TOTAL
		1/02-1/03	1/03-1/04	1/04-1/05	1/05-2/06			
1/02-1/03	12	28,599				28,599		28,599
1/03-1/04	12	137,034	38,074			175,108		175,108
1/04-1/05	12	62,819	100,105	50,482		213,406		213,406
1/05-2/06	13	54,007	85,158	156,424	51,840	347,429		347,429
2/06-6/06	4	15,692	3,396	23,662	34,376	77,126	1,990	79,116
INCURRED & PAID		298,151	226,733	230,568	86,216	841,668	1,990	843,658
CONSTANT PREMIUM		421,973	451,708	511,837	601,642	1,987,161	202,596	2,189,757
5.50% BASIS								
KNOWN RESERVES		353,780	270,036	407,905	390,648	1,422,369	0	1,422,369
PENDING RESERVES*		0	0	0	60,228	60,228	79,740	139,968
IBNR		0	0	0	0	0	187,032	187,032
TIME VALUE ADJ.		-91,919	-54,168	-51,189	-21,269	-218,545	-4,737	-223,281
NET INC. CLAIMS		560,012	442,601	587,284	455,595	2,045,492	184,286	2,229,778
E/R LOSS RATIO		132.7%	98.0%	114.7%	75.7%	102.9%	91.0%	101.8%
OPEN CLAIMS		7	10	9	11	37	0	37
MONTHLY PAID		4,163	3,658	6,984	9,015	23,820	0	23,820
PENDING CLAIMS		0	0	0	1	1	3	4
LIVES		4,459	4,773	5,198	5,582	25,784	5,755	31,539

*Pending Reserves are not used in the calculations.