

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Roy Sprinkle, Executive Director of Human Resources
FROM: Lynn Peterson, Supervisor of Risk Management
DATE: October 24, 2017
SUBJECT: Medical Stop Loss Insurance Renewal- Effective 01/01/2018

Background:

The current Medical Stop Loss Insurance policy with *Sun Life Assurance Company* has a self-insured retention (deductible) of \$500,000 and will expire on 12/31/2017.

Renewal

A RFP for Stop Loss Insurance was issued by the District's insurance broker, AON. Proposals were requested at 3 levels, \$500,000, \$525,000 and \$550,000. Five carriers initially responded with proposals based on the District's August 2017 medical claims experience. The responding carriers included Sun Life, AIG, HMIG, Swiss Re and Zurich. An initial review all the quotes revealed the most competitive quotes came from HMIG, AIG and Sun Financial.

At the \$500,000 level, HMIG becomes the most competitive after the credit to the ASO fee. This credit is only due because Florida Blue is the ASO. This credit would not be available if Florida Blue was not the District's ASO. The table below shows the final quotes received at the \$500,000 deductible level.

\$500,000 Deductible - Final Quotation			
	HMIG	Sun Life	AIG
\$500,000 Specific Deductible - PEPM			
Employee Only - 4363 EEs	\$10.88	\$11.09	\$8.70
Employee Plus Dependents - 982 EEs	\$30.83	\$28.88	\$38.57
Reduction in ASO Fee	(\$32,070)	0	0
Annual \$500,000 Specific Deductible Premium	\$900,864	\$920,950	\$910,006
Commissions Included in Premium	20%	20%	20%

At the \$550,000 level, HMIG was the most competitive even before the credit to the ASO fee. This level appears to be the most appropriate for the District. Since becoming self-insured in January 1, 2016, the District has not had to utilize the stop loss insurance. The largest claim this year (2017) has not surpassed \$330,000. Although there is always the potential the District could experience one or more large claims over \$500,000, this has not been the case. For an additional \$50,000 in deductible, the District will save \$151,159 over the \$500,000 deductible level quote with HMIG.

\$550,000 Deductible - Final Quotation			
	HMIG	Sun Life	AIG
\$550,000 Specific Deductible - PEPM			
Employee Only - 4363 EEs	\$8.67	\$9.84	\$7.44
Employee Plus Dependents - 982 EEs	\$25.10	\$25.61	\$34.14
Reduction in ASO Fee	(\$32,070)	0	0
Annual \$550,000 Specific Deductible Premium	\$749,705	\$816,971	\$791,834
Commissions Included in Premium	20%	20%	20%

Recommendation

It is recommended the Stop Loss Insurance proposal from HMIG at the \$550,000 deductible level be approved.

Attachment