



October 2, 2007

Mr. Bert Palmer
Director, Risk Management
School Board of Sarasota County
1960 The Landings Blvd.
Sarasota, FL 34231

RE: 2008 Disability Marketing Analysis – RFP #8033

Dear Mr. Palmer:

Aon Consulting (Aon) was contracted to provide services to support the marketing of the School Board of Sarasota County's non-contributory Long Term Disability coverage. This process involved reviewing the plan design and administrative services provided by the current carrier, as well as assessing the future needs of the plan participants covered under the District's plan. Aon Consulting compiled this information and tailored a Request for Proposal (RFP) that exactly addressed the needs of the School Board of Sarasota County (SBSC). The RFP was peer reviewed within Aon as well as reviewed by SBSC Risk Management staff prior to release.

The Marketing Process

The release of the Request for Proposal was conducted by the Purchasing Office of SBSC. All protocols, as dictated by Purchasing Office, were followed and Aon supported the Purchasing Office by assisting in the responses back to the carriers that intended to bid on the RFP. Ten responses were received by the Purchasing Office for the Long Term Disability RFP. The responding carriers were CIGNA, Florida Combined Life, Hartford, ING, Lafayette Life, MetLife, Prudential, Standard, SunLife, and UNUM. This response represents nearly all of the top 10 Group Long Term Disability Insurance carriers as ranked by 2006 Annual Inforce Premium.

Analysis of Responses

A scoring protocol was followed and reviewed by the Purchasing Office that addressed the following areas:

- Net Cost Considerations (40 points)
 - * Competitive program costs, based upon expected claims and fees/premiums
- Meet Benefit Provisions and Financial Obligation (15 points)
 - * Financial rating
 - * Ability to provide the requested benefit plan design
- Proven Ability to Service the School Board's programs (20 points)
 - * Account Management experience and expertise
 - * Flexibility and accessibility in working with SBSC
 - * Quality of references

Administrative Capabilities (15 points)

- * Simplicity of administration
- * Reporting capabilities
- * Electronic capabilities
- * Utilizes best-in-practice disability management techniques
- * Utilizes best-in-practice disability duration guidelines
- * Facilitate return-to-work initiatives

Performance Guarantees (10 points)

Finalists were determined from the scoring process conducted by Aon Consulting and the Risk Management Office. The scores ranged from 64 to 92 out of 100. The three highest scores were chosen as finalists and they were CIGNA (89), MetLife (92) and Unum (91). The next highest scores were two vendors at 85. The Purchasing Office notified the three finalists and prepared for negotiations.

Finalist Negotiations

Aon Consulting drafted a proposed release to the finalists to improve the overall rate position and product offering. The Risk Management reviewed, edited and submitted the communication to the Purchasing Office for release. The Purchasing Office released the final request to the vendors and negotiations were conducted to produce the best market offering available to SBSC. For the finalists responses the following criteria was utilized to score:

Net Cost Considerations (40 points)

Rate Guarantee (10 points)

Contingent Loss Ratio and Extended Rate Guarantee (10 points)

Performance Guarantees (10 points)

Plan Design (10 points)

Administrative Services (10 points)

Reference Checks (10 points)

The finalists were scored based on their revised offers and the rankings are attached. MetLife ranked first overall with a score of 89 out of 100 with UNUM's best option at 83 and CIGNA at 63. MetLife's offer would produce a savings of \$226,000 per year for 3 years. Over the rate guarantee the total savings realized would be approximately \$678,000 over the current cost structure and vendor.

Recommendation

The incumbent carrier, Mutual of Omaha, chose not to respond to the RFP but offered renewal rates at 25% below current for 3 years. This would represent a savings of \$158,000 per year or \$474,000 over the rate guarantee period. Based on (1) meeting or exceeding the requested plan design and administrative services requirements and (2) the projected 3-year cost savings over the renewal of \$204,000, it is Aon Consulting's recommendation to accept the MetLife proposal.



Mr. Bert Palmer
School Board of Sarasota County
October 2, 2007
Page 3

Looking Ahead

We would encourage the School Board of Sarasota County to continue to monitor its plans' experience and to discuss and explore ways to continue to provide valuable benefit programs to its staff. Aon Consulting has been a part of this process for several years and we look forward to our continued future together.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "JR Shamley". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

JR Shamley, ASA
Vice President

JRS/mdg

Attachments



**The School Board of Sarasota County
Long Term Disability Finalist Summary
Effective Date: January 1, 2008**

Carrier	Mutual of Omaha (Current)	CIGNA	MetLife	UNUM Option 1	UNUM Option 2
Monthly Covered Payroll (MCP)	\$18,837,120	\$18,837,120	\$18,837,120	\$18,837,120	\$18,837,120
Final Rate (Per \$100 MCP)	\$0.28	\$0.21	\$0.180	\$0.188	\$0.195
Monthly LTD Premium	\$52,744	\$39,181	\$33,907	\$35,414	\$36,732
Total Annual Premium	\$632,927	\$470,175	\$406,882	\$424,965	\$440,789
\$ Variance to Current	N/A	-\$162,753	-\$226,045	-\$207,962	-\$192,139
% Variance to Current	N/A	-25.7%	-35.7%	-32.9%	-30.4%
Rate Guarantee		36 months	36 months	24 months	36 months
Contingent Loss Ratio		75%	86%	85%	85%
Extended Rate Guarantee		60 months	48 months	36 months	48 months
Specific Performance Guarantee for Implementation		Yes	Yes	Yes	Yes
Performance Guarantee \$ at risk - Total		\$9,403	\$4,800	\$12,000	\$12,000
Meet Minimum Requested Plan Design		Yes	Yes	Yes	Yes
Meet Minimum Requested Administrative Services		Yes	Yes	Yes	Yes
Reference Checks - No Satisfaction Scores < 7 out of 10		Confirmed	Confirmed	Confirmed	Confirmed
Finalist Scoring Summary					
Total Annual Premium (40 pts)		20	40	34	30
Rate Guarantee (10 pts)		5	5	0	5
Contingent Loss Ratio (5 pts)		0	5	5	5
Extended Rate Guarantee (5 pts)		5	3	0	3
Specific Performance Guarantee for Implementation (5 pts)		0	5	5	5
Performance Guarantee \$ at risk - Total (5 pts)		3	1	5	5
Meet Minimum Requested Plan Design (10 pts)		10	10	10	10
Meet Minimum Requested Administrative Services (10 pts)		10	10	10	10
References - No Satisfaction Scores < 7 out of 10 (10 pts)		10	10	10	10
Total (100 pts)		63	89	79	83
Rank		4	1	3	2