



October 2, 2007

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

RE: 2008 Life Marketing Analysis – RFP #8032

Dear Mr. Palmer:

Aon Consulting (Aon) was contracted to provide services to support the marketing of the School Board of Sarasota County's Basic Life and Voluntary Life coverages. This process involved reviewing the plan designs and administrative services provided by the current carriers, 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.

Eleven responses were received by the Purchasing Office for the Basic and Voluntary Life RFP. The responding carriers were Florida Combined Life (incumbent), Hartford, Humana, ING, Lafayette Life, MetLife, Minnesota Life, Prudential, Standard, Unimerica, and UNUM. This response represents all top 10 Group Life Insurance carriers as ranked by 2006 Annual Inforce Premium that are active in this marketplace.

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

Performance Guarantees (10 points)

Finalists were determined from the scoring process conducted by Aon Consulting and the Risk Management Office. The scores ranged from 45 to 94 out of 100. The two highest scores were chosen as finalists and they were Hartford (89) and Standard (94). The next highest score was a distant 78. The Purchasing Office notified the two finalists and prepared for negotiations.

Finalist Negotiations

Aon Consulting drafted a proposed release to the two 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)

Voluntary Life Enrollment Support (10 points)

Reference Checks (10 points)

The finalists were scored based on their revised offers and the rankings are attached. Hartford ranked first overall with a score of 93 out of 100 with Standard at 84. Hartford's offer would produce a savings of \$171,000 per year for 3 years for SBSC and the Voluntary Life participants would save 25% off of their current costs or \$117,000 per year. Over the rate guarantee the total savings realized would be a minimum of \$860,000 over the current cost structure and vendor.

Recommendation

The incumbent carrier, Florida Combined Life, offered renewal rates with no change for 2008. Based on the opportunity to enhance the overall Voluntary Life enrollment and the minimum cost savings of \$860,000 over the next 3 policy years of the plan, it is Aon Consulting's recommendation to accept the Hartford 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 us 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

Attachment



The School Board of Sarasota County
Basic Life and Voluntary Life Finalist Summary
Effective Dates: January 1, 2008 (Basic) and May 1, 2008 (Voluntary)

| Carrier | Florida Combined Life(Current) | Hartford | Standard |
|--|--------------------------------|---|---|
| Basic Life Volume | \$284,662,500 | \$284,662,500 | \$284,662,500 |
| Final Basic Life Rate (Monthly per \$1,000) | \$0.160 | \$0.110 | \$0.114 |
| Monthly Basic Life Premium | \$45,546 | \$31,313 | \$32,452 |
| Total Annual Premium | \$546,552 | \$375,755 | \$389,418 |
| \$ Variance to Current | N/A | -\$170,798 | -\$157,134 |
| % Variance to Current | N/A | -31.3% | -28.8% |
| | | | |
| Voluntary Life Volume (Monthly per \$1,000) | \$85,995,250 | \$85,995,250 | \$85,995,250 |
| Final Average Voluntary Life Rates | \$0.45 | \$0.34 | \$0.39 |
| Monthly Voluntary Life Premium | \$38,750 | \$29,018 | \$33,837 |
| Total Annual Premium | \$464,999 | \$348,222 | \$406,039 |
| \$ Variance to Current | N/A | -\$116,778 | -\$58,960 |
| % Variance to Current | N/A | -25.1% | -12.7% |
| | | | |
| Basic and Voluntary Life Annual Premium | \$1,011,551 | \$723,976 | \$795,457 |
| \$ Variance to Current | N/A | -\$287,575 | -\$216,094 |
| % Variance to Current | N/A | -28.4% | -21.4% |
| | | | |
| Rate Guarantee | | 36 months | 36 months |
| Contingent Loss Ratio | | 88% | 97% |
| Extended Rate Guarantee | | 48 months | 60 months |
| Specific Performance Guarantee for Implementation | | Yes | Yes |
| Performance Guarantee \$ at risk - Total | | \$14,333 | \$12,000 |
| New Hire Guarantee Issue change from \$100k to \$300k | | Confirmed | Confirmed |
| One-time Enrollment Opportunity | | Open Enrollment \$300,000 Guarantee Issue | Open Enrollment \$300,000 Guarantee Issue |
| Meet Minimum Requested Plan Design | | Yes | Yes |
| Meet Minimum Requested Administrative Services | | Yes | Yes |
| Reference Checks - No Satisfaction Scores < 7 out of 10 | | Confirmed | Confirmed |
| Finalist Scoring Summary | | | |
| Basic Life Annual Premium (20 pts) | | 20 | 19 |
| Voluntary Life Annual Premium (20 pts) | | 20 | 10 |
| Rate Guarantee (10 pts) | | 5 | 5 |
| Contingent Loss Ratio (5 pts) | | 5 | 5 |
| Extended Rate Guarantee (5 pts) | | 3 | 5 |
| Specific Performance Guarantee for Implementation (5 pts) | | 5 | 5 |
| Performance Guarantee \$ at risk - Total (5 pts) | | 5 | 5 |
| Meet Minimum Requested Plan Design (10 pts) | | 10 | 10 |
| Support to Increase Voluntary Life Enrollment (10 pts) | | 10 | 10 |
| Reference Checks - No Satisfaction Scores < 7 out of 10 (10 pts) | | 10 | 10 |
| Total (100 pts) | | 93 | 84 |
| Rank | | 1 | 2 |



The School Board of Sarasota County
Basic Life and Voluntary Life Finalist Summary
Effective Dates: January 1, 2008 (Basic) and May 1, 2008 (Voluntary)

| Carrier | Florida Combined Life(Current) | Hartford | Standard |
|--|--------------------------------|----------|----------|
| Employee Voluntary Life Rates per \$1,000 | | | |
| Age | | | |
| <19 | \$0.100 | \$0.075 | \$0.088 |
| 20-24 | \$0.100 | \$0.075 | \$0.088 |
| 25-29 | \$0.100 | \$0.075 | \$0.088 |
| 30-34 | \$0.110 | \$0.083 | \$0.089 |
| 35-39 | \$0.130 | \$0.098 | \$0.123 |
| 40-44 | \$0.190 | \$0.143 | \$0.189 |
| 45-49 | \$0.310 | \$0.230 | \$0.300 |
| 50-54 | \$0.510 | \$0.380 | \$0.477 |
| 55-59 | \$0.870 | \$0.650 | \$0.835 |
| 60-64 | \$1.350 | \$1.020 | \$0.892 |
| 65-69 | \$2.270 | \$1.710 | \$1.514 |
| 70-74 | \$3.990 | \$2.990 | \$2.692 |
| 75-79 | \$3.990 | \$2.990 | \$2.692 |
| 80-84 | \$3.990 | \$2.990 | \$2.692 |
| 85-89 | \$3.990 | \$2.990 | \$2.692 |
| 90-94 | \$3.990 | \$2.990 | \$2.692 |
| 95+ | \$3.990 | \$2.990 | \$2.692 |

| | | | |
|--|---------|---------|---------|
| Spouse Voluntary Life Rates per \$1,000 | | | |
| Age | | | |
| <19 | \$0.100 | \$0.075 | \$0.088 |
| 20-24 | \$0.100 | \$0.075 | \$0.088 |
| 25-29 | \$0.100 | \$0.075 | \$0.088 |
| 30-34 | \$0.110 | \$0.083 | \$0.089 |
| 35-39 | \$0.130 | \$0.098 | \$0.123 |
| 40-44 | \$0.190 | \$0.143 | \$0.189 |
| 45-49 | \$0.310 | \$0.230 | \$0.300 |
| 50-54 | \$0.510 | \$0.380 | \$0.477 |
| 55-59 | \$0.870 | \$0.650 | \$0.835 |
| 60-64 | \$1.350 | \$1.020 | \$0.892 |
| 65-69 | \$2.270 | \$1.710 | \$1.514 |
| 70-74 | \$3.990 | \$2.990 | \$2.692 |
| 75-79 | \$3.990 | \$2.990 | \$2.692 |
| 80-84 | \$3.990 | \$2.990 | \$2.692 |
| 85-89 | \$3.990 | \$2.990 | \$2.692 |
| 90-94 | \$3.990 | \$2.990 | \$2.692 |
| 95+ | \$3.990 | \$2.990 | \$2.692 |

| Projected Premium | | | |
|-------------------------------|-----------|------------|-----------|
| Employee Life Monthly Premium | \$26,770 | \$20,027 | \$24,265 |
| Spouse Life Monthly Premium | \$11,980 | \$8,991 | \$9,571 |
| Total Monthly Premium | \$38,750 | \$29,018 | \$33,837 |
| Total Annual Premium | \$464,999 | \$348,222 | \$406,039 |
| \$ Variance to Current | N/A | -\$116,778 | -\$58,960 |
| % Variance to Current | N/A | -25.1% | -12.7% |