

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer

FROM: Lynn Peterson, Risk Manager

DATE: September 4, 2012

SUBJECT: Group Life Insurance – Renewal: 01/01/2013
Group Vision Insurance – Renewal 01/01/2013
Flexible Spending Accounts Administration – Renewal 01/01/2013

2013 Group Life Renewal

Hartford has proposed to renew the \$25,000 core life program at an unchanged renewal rate of \$0.147 per \$1,000 of coverage or \$3.68 per employee per month. They have also agreed to renew, at no rate increase, supplemental employee life as well as supplemental dependent life. The estimated annual district paid premium is \$227,184. Hartford has agreed to guarantee these rates for two (2) additional years [01/01/2013 - 12/31/2014].

2013 Group Vision Renewal

Humana has offered to renew the district group vision care insurance program at the expiring per employee per month (PEPM) rate of \$4.19 for two (2) additional years [01/01/13 through 12/31/14]. The current PEPM rate has been in effect since 01/01/1998. The contract rates are as follows:

Coverage Tier	<u>Expiring</u> Monthly Premium	<u>Renewal</u> Monthly Premium
Employee Only	\$4.19	\$4.19
Employee + Family	\$13.63	\$13.63

There will be no change in the benefit level. The average monthly district paid premium, based on the first six months of the 2012 calendar year, is \$20,573.73.

Flexible Spending Account Administration

Discovery Benefits has offered to continue the current FSA Administration at no increase to the expiring program. The current rate is \$4.90 per participant per month. They have agreed to continue for one year [01/01/2013 – 12/31/2013]. The average monthly district paid expense for the first six months of 2012 calendar year has been \$1,078.83 with an average of 220 participants.

Recommendation

Recommend accepting the renewals for group basic life, voluntary supplemental life, group vision and flexible spending account administration as proposed. Also recommending that a modification of current withholding procedures for Vision and Dental dependent deductions (dental contract does not expire until 12/31/2013) be made in order to conform to current medical dependent deductions withholdings. Currently, dependent medical deductions are withheld a month in advance because premiums are paid a month in advance. Although Dental and Vision premiums are also paid in advance, Dental and Vision dependent deductions have been withheld in arrears. Withholding after the expense has been incurred creates a District financial liability when employees separate from the District prior to the end of the month and deductions cannot be withheld. The District is left to incur this cost if the individual does not reimburse the District. To provide for plan uniformity, it is recommended that Dental and Vision Dependent deductions for the 2013 calendar plan year begin in December 2012.

Flexible Spending Account Administration

Discovery Benefits has offered to continue the current FSA Administration at **NO INCREASE TO CURRENT RATES.**

The current rate of \$4.90 per participant per month has been offered for 2013.

The following are new enhanced features of the FSA with Discovery Benefits:

- FSA Savings calculator
- Enhanced Employer Portal
- Updated Mobile Features
- Participant Account Statement notices sent monthly



Vision Insurance

Humana/CompBenefits has offered to renew the current vision plan with **NO INCREASE FOR TWO YEARS.**

	Enrollment	Current & Renewal Rate	Total Monthly Premium
Employee	4,592	\$4.19	\$19,240
Family	<u>1,344</u>	\$13.63	<u>\$18,319</u>
TOTAL	5,936		\$37,559





Life Insurance

The Hartford offered to renew the following life insurance policies at **NO INCREASE TO CURRENT RATES FOR TWO YEARS:**

- Basic Life
- Supplemental Employee Life
- Supplemental Dependent Life

Plan	Volume	Enrolled Lives	2013 Monthly Premium	2013 Annual Premium
Basic Life	\$128,787,500	6,539	\$18,932	\$227,184
Supp EE Life	\$92,477,000	937	\$34,679	\$416,148
Supp Dep Life	\$16,653,500	Not reported	\$6,672	\$80,064
Total	\$237,918,000	7,476	\$60,283	\$723,396





2013 Life Insurance Rates

- Basic Life Premium
 - **\$0.147 per \$1,000**
 - Guaranteed through 12/31/2014
- The Age-Banded rates shown apply for the Supplemental Employee Life and the Supplemental Dependent Life (spouse).
 - Rates are per \$1,000
- Program features:
 - Employee Assistance Program
 - Beneficiary Assistance

Age	Current	Renewal
< 25	0.083	0.083
25 - 29	0.083	0.083
30 - 34	0.092	0.092
35 - 39	0.108	0.108
40 - 44	0.157	0.157
45 - 49	0.253	0.253
50 - 54	0.418	0.418
55 - 59	0.715	0.715
60 - 64	1.122	1.122
65 - 69	1.880	1.880
70 - 74	3.300	3.300
75 +	3.375	3.375



Basic Life Claims Experience



Time Period	Number of Claims	Incurred Claims	Incurred Loss Ratio
1/1/2008 – 12/31/2008	25	\$726,448	145.3%
1/1/2009 – 12/31/2009	30	\$390,651	81.1%
1/1/2010 – 12/31/2010	27	\$474,004	101.8%
1/1/2011 – 12/31/2011	38	\$540,120	81.8%
1/1/2012 – 3/31/2012	9	\$6,990	145.3%
TOTALS	129	\$2,138,212	109.2%



Supplemental Life Claims Experience



Time Period	Number of Claims	Incurred Claims	Incurred Loss Ratio
5/1/2008 – 12/31/2008	2	\$517,469	209.6%
1/1/2009 – 12/31/2009	0	-\$18,682	-4.9%
1/1/2010 – 12/31/2010	2	\$270,044	67.6%
1/1/2011 – 12/31/2011	0	-\$52,758	-13.1%
1/1/2012 – 3/31/2012	0	\$42,520	40.9%
TOTALS	4	\$758,594	49.5%

