



City of Broken Arrow

Request for Action

File #: 18-709, Version: 1

**Broken Arrow City Council
Meeting of: 06-18-2018**

**To: Mayor and City Council
From: Office of the City Manager
Title:**

Approval of and authorization to execute a proposal with United States Fire Insurance Company to provide specific and aggregate re-insurance coverage for the employee health plan for fiscal year 2018-19

Background:

The City has provided employee health benefits through self-insurance since 1989. To protect the financial integrity of the plan, stop loss insurance is obtained to prevent significant loss for catastrophic claims on both an individual and aggregate basis. EmployerAdvocates, the City's benefit consultant, annually seeks proposals from re-insurance companies to determine the most competitive and comprehensive coverage available. Proposals for fiscal year 2018-19 were received from United States Fire Insurance Company (U.S. Fire), BCS Insurance, Liberty Insurance and HCC Life Insurance.

Currently, stop loss coverage is provided by U.S. Fire. U.S. Fire's proposal provides the lowest overall cost for specific and aggregate re-insurance coverage. U.S. Fire estimated the expected plan costs will increase 2.1% over the 2017-18 expected plan costs.

U.S. Fire is rated Excellent (A) by AM Best Company. Based upon the proposals submitted, it is recommended that re-insurance protection be renewed with U.S. Fire Insurance.

U.S. Fire is predicting the plan's medical expected paid claims at \$6,472,688. The proposed premium for specific and aggregate re-insurance is \$710,584. The funds for this item are budgeted in the Fiscal Year 2018-19 Group Health and Life Fund.

Cost: \$710,584

Prepared By: Jannette McCormick, Human Resources Director

**Reviewed By: Finance Department
Legal Department
Russell M. Gale, Assistant City Manager - Administration**

Approved By: Michael L. Spurgeon, City Manager

Attachments: Individual Stop Loss (ISL) Deductible Comparison

Recommendation:

To approve the proposal with United States Fire Insurance Company to provide specific and aggregate re-insurance coverage for the employee health plan and authorize its execution.